

A G E N D A

UTAH BOARD OF WATER RESOURCES

Crystal Inn
1450 South Hilton Drive
St. George, Utah

March 7, 2007

2:00 p.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - January 26, 2007
- III. CHAIR'S REPORT
- IV. WATER SUPPLY REPORT
- V. FEASIBILITY REPORTS

	<u>County</u>
E210 Old Meadow Ranchos Comm. & Water Co.	Iron
- VI. COMMITTAL OF FUNDS

E167 Loss Creek Irr. Co.	Piute
E199 Salem City	Utah
- VII. SPECIAL ITEMS

E219 Hanksville Irr. Co.	Wayne
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- VIII. FLAMING GORGE WATER RIGHTS

41-3528 Grand County WCD	Grand
92-645 Trust Lands (SITLA)	Grand
97-2220 Boulder Farmstead	Garfield
97-2280 Garfield Co. School Dist.	Garfield
05-2992 Wilson Arch Water & Sewer	San Juan
97-2214 Escalante City	Garfield
92-633 Eastside High Ditch Co.	Grand
41-3522 Tropic Town	Garfield
92-638 Gunnison Butte Mutual Irr. Co.	Emery
41-3532 Daggett County	Daggett
49-1654 K Ranch Water Co.	Uintah
01-1144 WW Water Co.	Grand
- IX. BASIN STATES AGREEMENT - Board Resolution
- X. SEVIER BRIDGE & PIUTE RESERVOIRS - Order and Decree
- XI. LAKE POWELL PIPELINE PROJECT - Project Update and Actions
- XII. DIRECTOR'S REPORT
- XIII. ADJOURNMENT

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

March 7, 2007

Funds Available for Projects This FY \$ 9,977,000

Projects Contracted This FY

1 Lincoln Culinary Water Corp	E165			\$	332,000
2 San Juan WCD (Recapture Dam)(Amend)	C026	Grant	**		200,000
3 Spanish Fork South Irr Co	E193				29,500
4 Dry Gulch Irr Co	E176				221,000
5 Deseret Irr Co (Amend, Phase 5)	E101				168,000
6 Kents Lake Irr Co (Three Creeks Dam)(Amend)	C033	Grant	**		3,319,000
7 Kents Lake Irr Co (Three Creeks Dam)(Amend)	C033	Loan	**		186,000
8 Enterprise Res & Cnl Co (Lower Ent Dam)	C012	Loan	**		20,000
9 Fountain Green Irr Co (Well)	E185				221,000
10 Fremont Irr Co	E194				282,500
11 DMAD Company (DMAD Dam)(Amend)	C031	Grant	**		874,000

Total Funds Contracted	\$	5,853,000
Funds Balance	\$	4,124,000

Projects with Funds Committed

1 Utland Ditch Co	E182			\$	270,000
2 Mosby Irr Co (Amend)	D730				3,600,000
3 Sevier Valley Cnl Co	E197				195,500
4 Newcastle Water Co	E202				459,000
5 Circleville Irr Co	E166				115,000
6 Otter Creek Res Co	E184				190,000
7 Marble Creek Irr Co	E214				19,000
8 Providence-Logan Irr Co	E191				193,000
* 9 Loss Creek Irr Co	E167				172,000

Total Funds Committed	\$	5,214,000
Funds Balance	\$	(1,090,000)

Projects Authorized

1 Deseret Irr Co	E056			\$	144,000
2 Hi-Country Estates Homeowners Assn	E127				406,000
3 North Creek Irr Co	E181				288,000
4 Rocky Ford Irr Co	E213				87,300
* 5 Old Meadow Ranchos C&W Co	E210				68,000
* 6 Hanksville Irr Co	E219				400,000

Total Funds Authorized	\$	1,393,000
Remaining Funds Available	\$	(2,483,000)

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

**Funding Status
March 7, 2007**

Funds Available for Projects This FY	\$ 5,080,000
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Bonds Closed This FY

1 Town of Mantua	L553	\$ 140,000
2 Corinne City	L555	<u>326,000</u>

Total Bonds Closed	\$ 466,000
Funds Balance	<u>\$ 4,614,000</u>

Projects with Funds Committed

1 Kamas City	L550	\$ 1,879,000
2 Centerfield Town	L547	<u>255,000</u>

Total Funds Committed	\$ 2,134,000
Funds Balance	<u>\$ 2,480,000</u>

Projects Authorized

1 Deweyville, Town of	L557	\$ <u>1,346,400</u>
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Total Funds Authorized	\$ 1,346,000
Remaining Funds Available	<u>\$ 1,134,000</u>

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

Conservation & Development Fund

**Funding Status
March 7, 2007**

Funds Available for Projects This FY \$ 28,757,000

Projects Contracted/Bonds Closed This FY

1 Hooper Irr Co (Amend 5; Phase 2)	E060	\$ 145,000
2 Ashley Valley Res Co	E145	2,400,000
3 City of North Salt Lake (Bond Ins)	E206	30,000
4 Emigration Imp Dist	E196	2,860,000
5 Davis & Weber Counties Cnl Co (Amend, Ph 5)	E123	2,125,000
6 Cub River Irr Co	E173	1,280,000
7 St George & Washington Canal Co (Amend, Ph 3)	E129	1,950,000
8 Huntington-Cleveland Irr Co	E211	<u>6,000,000</u>

Total Funds Contracted/Closed	\$ 16,790,000
Funds Balance	<u>\$ 11,967,000</u>

Projects with Funds Committed

1 Lake Creek Irr Co (Ph 1)	E102	\$ 22,500
2 Pleasant Grove City (Bond Ins)	E126	115,000
3 Ephraim Irr Co	E061	120,000
4 Wellsville Mendon Conservation Dist	E195	95,000
5 Huntsville South Bench Canal Co	E143	1,287,000
* 6 Salem City	E199	<u>7,500,000</u>

Total Funds Committed	\$ 9,140,000
Funds Balance	<u>\$ 2,827,000</u>

Projects Authorized

1 Strawberry High Line Canal Co	D976	\$ 3,187,000
2 Uintah WCD (Island Ditch)	E036	342,000
3 Richland Nonprofit Water Co	E087	335,000
4 Lake Creek Irr Co (Ph 2)	E102	300,000
5 New Escalante Irr Co	E077	300,000
6 Provo River Water Users Association	E177	60,000,000
7 Magna Water Co an Improvement Dist	E190	7,100,000
8 Whiterocks Irr Co	E084	4,955,000
9 Central Utah W C D	E204	60,000,000
10 Weber-Box Elder Cons Dist	E209	<u>1,615,000</u>

Total Funds Authorized	\$ 138,134,000
Remaining Funds Available	<u>\$ (135,307,000)</u>

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

March 7, 2007

ADDITIONAL ACTIVE PROJECTS	Fund	Est. Board Cost	Total Cost
Projects Under Investigation			
1 Woodruff Irrigating Co	D680 C&D	\$ 600,000	\$ 800,000
2 Kane County WCD	D828 C&D	1,500,000	2,000,000
3 Keith Johnson	D996 RCF	37,500	50,000
4 Gunnison Butte Mutual Irr Co	E004 C&D	10,500,000	14,000,000
5 Hyrum Blacksmith Fork Irr Co	E047 C&D	1,230,000	1,640,000
6 Mayfield Irr Co	E067 RCF	187,500	250,000
7 East Juab County WCD	E071 C&D	375,000	500,000
8 Ferron Canal & Res Co	E082 C&D	2,625,000	3,500,000
9 Rock Dam Irr Co	E083 RCF	37,500	50,000
10 Town of Goshen	E109 C&D	240,000	320,000
11 Weber-Box Elder Conservation Dist	E113 C&D	9,750,000	13,000,000
12 Parowan City	E121 CWL	158,250	211,000
13 Cottonwood Creek Consolidated Irr Co	E125 C&D	3,750,000	5,000,000
14 Alton Farmers Assoc	E128 C&D	1,650,000	2,200,000
15 Fremont Irr Co	E131 C&D	1,500,000	2,000,000
16 Downs Ditch Water Co	E139 RCF	281,250	375,000
17 Co-Op Farm Irr Co	E140 RCF	374,250	499,000
18 Anderson, Felt, Winters Ditch Co	E141 RCF	148,500	198,000
19 Felt, Peterson, Slater Ditch Co	E142 RCF	148,500	198,000
20 Emmertsen Irr Co	E144 RCF	86,250	115,000
21 Huntsville Irr Co	E146 RCF	627,000	836,000
22 Grantsville Irr Co	E150 C&D	321,000	428,000
23 Vernon Irr Co	E158 RCF	37,500	50,000
24 Kingston Irr Water Co	E169 RCF	85,000	240,000
25 Greenwich Water Works Co	E171 RCF	112,500	250,000
26 Bullion Creek Irr Co	E172 RCF	75,000	100,000
27 Fountain Green Irr Co (Birch Creek)	E174 RCF	30,000	40,000
28 East Panguitch Irr Co	E175 RCF	375,000	500,000
29 Twin Creek Irr Co	E180 RCF	300,000	400,000
30 Fountain Green Irr Co (Flow Augment)	E186 RCF	75,000	100,000
31 San Juan WCD	E198 C&D	3,000,000	4,000,000
32 Midvale City	L556 C&D	7,125,000	9,500,000
33 Wallsburg Irr Co	E203 RCF	90,000	120,000
34 Grave Yard Irr Co	E204 RCF	16,400	41,000
35 Leota Irr Co, Inc	E207 C&D	2,800,000	3,500,000
36 South Weber Irr Co	E208 C&D	880,000	1,100,000
37 Ouray Park Irr Co	E212 C&D	2,100,000	2,470,000
38 Corinne City	E216 C&D	80,000	100,000
39 Elk Ridge City	L558 CWL	1,900,000	2,600,000
40 West Field Irr Co	E217 RCF	68,000	85,000
* 41 Saratoga Springs City	E218 C&D	4,500,000	6,000,000
Subtotal		\$ 59,776,900	\$ 79,366,000

* New Application

BOARD OF WATER RESOURCES

March 7, 2007

Additional Authorized or Committed Projects

1 Davis & Weber Counties Cnl Co (Ph 4)	D674	C&D	\$ 9,496,000	\$ 10,084,575
2 Weber Basin WCD (Secondary Irr, Ph 3-5)	E029	C&D	28,369,000	33,375,000
3 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035	C&D	11,588,000	13,561,180
4 Hooper Irr Co (Press Irr, Ph 4)	E060	C&D	11,033,000	12,980,000
Subtotal			\$ 60,486,000	\$ 70,000,755
TOTAL ADDITIONAL PROJECTS			\$ 120,262,900	\$ 149,366,755

INACTIVE PROJECTS

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Central Utah WCD (Prepay FY98,99,00)	D960

BOARD OF WATER RESOURCES

Feasibility Report

Revolving Construction Fund

Appl. No.: **E-210**

Received: 10/16/06

Approved: 10/27/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **OLD MEADOW RANCHOS COMMUNITY & WATER COMPANY**

President: Mary E. Riddle

LOCATION: The proposed project is located six miles north of Cedar City in Iron County.

EXISTING CONDITIONS & PROBLEMS: The Old Meadow Ranchos Community & Water Company serves 20 homes indoor and outdoor water in a small, 27-lot subdivision (80 acre), with lots zoned for a minimum size of 2.5 acres.

The sponsor's existing system consists of a well, well house, 50,000 gallon steel tank, booster pump station, 4-inch PVC transmission and distribution pipelines, and unmetered connections. The well's submersible pump, installed in 1971, is worn out and needs replacement; the well house does not meet Iron County Health Department standards, and since a few shareholders are using excessive water, the sponsor would like to meter the system.

The sponsor does not intend to replace the 50,000 gallon tank and 4-inch transmission pipeline even though they do not meet fire flow standards. The system is currently rated "Approved" by the state Division of Drinking Water.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to replace the well house, install meters on service connections, and replace the submersible pump. Design and construction engineering services will be provided by InSite Engineering in Cedar City.

The project fits in Prioritization Category 1
(project which involves public health problems,
safety problems, or emergencies).

COST ESTIMATE: The following cost estimate was prepared by the
engineer and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	New Well House			
	a. Demolish Old Structure	LS	\$1,500	\$ 1,500
	b. Footings & Foundations	10 CY	500	5,000
	c. 6-inch Slab on Grade	5 CY	500	2,500
	d. Building & Accessories	LS	35,000	35,000
2.	Replace Well Pump/Motor	LS	6,500	6,500
3.	Water Meter Assembly	20 EA	200	4,000
4.	Water Meter Installation	20 EA	450	<u>9,000</u>
Construction Cost				\$63,500
Contingencies				6,350
Legal and Administrative				3,150
Design and Construction Engineering				<u>\$ 7,000</u>
TOTAL				\$80,000

COST SHARING
& REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$68,000	85%
Sponsor	<u>12,000</u>	<u>15</u>
TOTAL	\$80,000	100%

If the board authorizes the project, it is suggested
it be purchased over 15 years at 0% interest
according to the following schedule:

<u>Years</u>	<u>Payment</u>
2009-2013	\$2,700
2014-2022	5,700
2023	3,200±

FINANCIAL
FEASIBILITY: Based on the board's water affordability guidelines,
water users could pay up to \$32.63 per month for all
water service. The sponsor currently charges a flat
rate of \$35 per month per connection; there is also a
\$25 annual assessment per acre. The cost of water

with the proposed project, based on 20 existing connections, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Operation & Maintenance	\$ 6,437	\$ 26.82
BWRe Loan (thru 2013)	3,000	12.50
Proposed BWRe Loan	<u>2,700</u>	<u>11.25</u>
TOTAL	\$12,137	\$ 50.57

BENEFITS: The proposed project will make the sponsor's system safer, and protect the well against contamination and freezing pipes. The metering will help conserve water as rates can become based on water use instead of a flat fee.

PROJECT SPONSOR: The Old Meadow Ranchos Community & Water Company was created shortly after the subdivision was built. It has been registered since 1971 and is in "Good Standing" with the state Department of Commerce. The 4-inch PVC mainline was installed in 1972, the tank and booster pump in 1996, and the telemetry system and booster pump in 2005. Previous assistance from the board helped construct the tank, booster pump, and telemetry system. Payments of \$3,000/year are being made until 2013.

Although the Central Iron County WCD has a 10-inch pipeline running along the highway by the subdivision, the sponsor is hesitant to join the district because of proposed costs and having to surrender water rights. It would prefer to combine with the 200-connection Mid-Valley Estates system just west of the sponsor; discussions and plans are currently underway to interconnect the systems. The proposed upgrades to the current project would need to be completed before Mid-Valley Estates will allow the sponsor to interconnect.

WATER RIGHTS & SUPPLY: The sponsor has the following water rights:

<u>WRNUM</u>	<u>Source</u>	<u>Amount</u>	<u>Use</u>
73-3123	Well	75.5 ac-ft	27 homes, 20 acres
73-3412	Well	13.662 ac-ft	3.4155 acres irrigation

EASEMENTS: The sponsor owns the land the well house is located on and no other easement problems are expected.

ENVIRONMENTAL: No environmental problems are expected.

WATER
CONSERVATION: The sponsor has prepared a Water Management and Conservation Plan for the previous board project; it will need to be updated.

SPONSOR'S
RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, and water rights required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
4. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to

these easements, rights-of-way, and the project itself can be legally transferred to the board.

b. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources and Division of Drinking Water.

6. Update its water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

7. Adopt a rule prohibiting its users from irrigating landscapes between the hours of 10:00 a.m. and 6:00 p.m.

PROJECT
CONTACT
PEOPLE:

President:	Mary E. Riddle 5215 North 2300 West Cedar City, UT 84720 Phone: (435) 867-0794
Secretary:	Dorothy Workman 5300 North 2300 West Cedar City, UT 84720 Phone: (435) 586-8618
Engineer:	Bob Reid InSite Engineering 55 E. Canyon Commercial Ave. Cedar City, UT 84720 Phone: (435) 867-4565 (435) 590-9410 (cell)

BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-167**
Received: 2/23/05
Approved: 3/10/05
Authorized: 9/15/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **LOSS CREEK IRRIGATION COMPANY**

President: Michael Dalton
121 West 400 South
Circleville, UT 84723
Phone: (435) 577-2863

LOCATION: The proposed project is located south of Circleville in Piute County.

PROJECT SUMMARY: The board authorized a project to replace a radial gate on the company's Sevier River diversion and install approximately two miles of 42 to 30-inch low head pipe and 12 turnouts.

COST ESTIMATE & SHARING: The cost estimate and sharing remain as authorized and are as follows:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$172,000	24.6%
Upper Sevier River WCD	388,000	55.4
Sponsor	<u>140,000</u>	<u>20.0</u>
TOTAL	\$700,000	100.0%

PURCHASE AGREEMENT: If the board commits funds to the project, it is proposed the loan terms remain as authorized: 0% interest over approximately 20 years with annual payments of \$8,800.

STAFF COMMENT: The sponsor met with the Sevier River/Southern Regional Water Rights engineer and verified the total acres irrigated from the Loss Creek Canal fall within that allowed by the Cox Decree; however, modifications need to be made in the recorded place of use. The engineer approved a temporary change application (one year) and two permanent change applications have been filed to rectify this. The temporary change application is to cover current use while the permanent applications go through the normal process.

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-199**
Received: 3/22/06
Approved: 4/28/06
Authorized: 6/16/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **SALEM CITY**

Mayor: J. Lane Henderson
P.O. Box 901
Salem, UT 84653
Phone: (801) 423-4770

LOCATION: The proposed project is located within Salem City limits in southern Utah County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to install a secondary irrigation system. The project will include two regulating ponds, a booster pump station, over 23 miles of 24 to 6-inch PVC pipe, about 1,560 connections, and 25 water meters (furnished by the Division of Water Resources).

COST ESTIMATE & SHARING: Salem City received construction bids that were higher than the cost estimate, and the cost to purchase the land has also increased. The authorized and proposed cost sharing and repayment are as follows:

<u>Agency</u>	<u>Authorized Cost Sharing</u>	<u>% of Total</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$ 6,325,000	52.7%	\$ 7,500,000	55.8%
CUWCD Grant	5,000,000	41.7	5,000,000	37.2
Sponsor	675,000	5.6	950,000	7.1
TOTAL	\$12,000,000	100%	\$13,450,000	100%

The authorized repayment terms require that the bonded indebtedness of \$6,325,000 be returned at 1.7% over 25 years with annual payments ranging from \$191,000 to \$560,000. If the board commits funds to the project, it is proposed the \$7,500,000 bonded indebtedness be returned over approximately 29 years at 1.7% interest with payments beginning at approximately \$191,000 and increasing to approximately \$560,000.

BOARD OF WATER RESOURCES

Feasibility Report

Revolving Construction Fund

Appl. No.: **E-219**

Received: 2/5/07

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **HANKSVILLE CANAL COMPANY, INC.**

President: Ronnie Albrecht

LOCATION: The proposed project is located about two miles west of Hanksville in Wayne County.

EXISTING CONDITIONS & PROBLEMS: The sponsor delivers flood irrigation water from the Fremont River to 50 shareholders irrigating about 700 acres. The main diversion structure, of rubble masonry founded on erodible sandstone, was built in the late 1800s and has had the foundation repaired several times. On October 9, 2006 a flood totally destroyed the structure, leaving the company's main canal 25 feet above the stream channel.

Wayne County obtained a \$6 million NRCS (Natural Resources Conservation Service) grant that requires a 25% local cost share.

PROPOSED PROJECT: The Hanksville Canal Company is requesting financial assistance from the board to help fund the local cost sharing of its diversion structure. The new structure will be 300 feet long, 25 feet high, 10 to 60 feet wide, and keyed into bedrock at a depth of 10 feet. It will be a masonry rubble dam of rock and concrete.

The project fits in Prioritization Category 1 (projects that involve public health problems, safety problems, or emergencies).

COST ESTIMATE: The following cost estimate was prepared by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$25,000	\$ 25,000
2.	Dewatering	LS	50,000	50,000
3.	Remove Existing Dam	LS	25,000	25,000
4.	Place Rock Embankment	8,500 CY	60	510,000
5.	Concrete	2,100 CY	400	840,000
6.	Plunge Pool	LS	50,000	50,000
7.	Gate Structures	LS	40,000	40,000
8.	Piping Replacement	200 LF	100	20,000
9.	Desilting Structure	LS	90,000	90,000
Construction Cost				\$1,650,000
Contingencies				170,000
Legal and Administrative				20,000
Design and Construction Engineering				160,000
TOTAL				\$2,000,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayments are:

<u>Agency</u>	<u>Diversion</u>	<u>% of Total</u>
Board of Water Resources	\$ 400,000	20%
NRCS Grant	1,500,000	75
Sponsor	100,000	5
TOTAL	\$2,000,000	100%

If the board chooses to authorize replacement of the diversion structure, it is suggested the \$400,000 be purchased at 0% interest over 25 years with annual payments of about \$16,000.

ECONOMIC FEASIBILITY: Since the proposed project is a disaster cleanup and restoration project, only the direct losses that will result if no action is taken have been addressed. Using data obtained from an active farmer in the project area, we calculated the financial loss as the profits foregone by local impacted farmers.

It was assumed one crop of alfalfa would be produced without any irrigation in the no-action alternative, and that the disaster-related loss would be 75% of full production. Full production is estimated to be 4.5 tons/acre; therefore, there would be a total

annual production loss of 2,400 tons of alfalfa produced on the 700 acres of land in the impacted area. At \$100 per ton, and assuming 50 percent of the crops' value is the farmer's profit, there will be an annual net income loss of \$120,000.

BENEFITS: This project is necessary for the sponsor to continue to divert water from the Fremont River to its shareholders.

PROJECT SPONSOR: The Hanksville Canal Company, presently registered in good standing with the state Department of Commerce, was formed by the pioneers shortly after the community was settled to provide flood irrigation water to farms. The company delivers water to 50 shareholders holding a total of 750 shares of stock and irrigating about 700 acres. About 40 of the 50 company shareholders live in town and irrigate their lawns and gardens from company ditches. The company's current annual share assessment is \$7.00.

The sponsor received \$11,000 from the board in 1948 to help repair the right abutment of the diversion structure.

WATER RIGHTS & SUPPLY: The sponsor has 11.5 cfs of primary flow rights on the Fremont River. These rights are listed as Water User Claim Numbers 95-3932, 95-703, and 95-682.

ENVIRONMENTAL: Since the loss of the diversion structure, the river has been undercutting the channel, washing sediment downstream. This erosion will cease once the structure is restored. No long-term environmental impacts are expected.

WATER CONSERVATION: As a condition of funding, the sponsor will be required to complete a water management and conservation plan.

SPONSOR'S RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain a stream alternation permit from the State Engineer.

2. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.

3. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:

a. Assign properties, easements, and water rights required for the project to the Board of Water Resources.

b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the board.

4. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.

b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.

c. The company has obtained all permits required for the project.

5. Have an attorney give the Board of Water Resources a written legal opinion that:

a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the board.

b. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the

Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

6. Obtain approval of final plans and specifications from the Division of Water Resources and Division of Water Rights.

PROJECT
CONTACT
PEOPLE:

President:	Ronnie Albrecht P.O. Box 39 Hanksville, UT 84734 Phone: (435) 542-3223
Secretary:	Tracy Albrecht P.O. Box 39 Hanksville, UT 84734 Phone: (435) 542-3223

42 Miles to I-70

64 Miles to Bullfrog

43 Miles to Torrey

Replace Diversion Structure

HANKSVILLE CANAL COMPANY
Diversion Dam Replacement
Wayne County

Project
Location



BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **92-649, 05-3163**
Received: 6/1/98
First Presented: 1/30/99
Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **GRAND WATER & SEWER SERVICE AGENCY**

Manager: Terry Sykes
3025 E. Spanish Trail Road
P.O. Box 1046
Moab, UT 84532
Phone: (435) 259-8121

LOCATION: The requested water will be used in Spanish Valley, southeast of Moab in Grand and San Juan counties.

DESCRIPTION: On March 9, 2000 the Board of Water Resources assigned Water Right segregation #41-3528 to Grand County Water Conservancy District for 652 acre-feet of its Flaming Gorge water right, with the depletion to be limited to 339 acre-feet, to supplement the culinary water supply for Spanish Valley. The Colorado River water will be exchanged for water from a Spanish Valley well.

Since that time the Grand Water & Sewer Service Agency was formed and has taken over management of the Grand County Water Conservancy District and the Spanish Valley Water & Sewer Improvement District, which were the water providers for Spanish Valley. Two change applications have been filed and approved by the State Engineer: #92-649 (a31469) for 30 acre-feet for the Green River Travel Plaza, and #05-3163 (a31606) for 622 acre-feet for Spanish Valley.

CURRENT CONDITIONS: The applicant has completed the planning, design, and construction of the facilities needed to use the

Flaming Gorge water. A well was drilled in 2003 and test pumped at over 2,000 gpm (yield is limited to 1,350 gpm under its current water rights). The only physical requirement remaining is to install a larger pump to enable the applicant to pump the additional 650 gpm. The State Engineer is requiring a hydrologic study of the groundwater aquifer to determine how much water can be withdrawn from the aquifer. Funding for the study is included in the federal Water Resource Development Act, which was passed by the House but then delayed by the recent election. The study will be conducted by the U.S. Geologic Survey and is expected to be completed within two years.

ECONOMIC/
FINANCIAL
FEASIBILITY:

The applicant has determined the project is economically and financially feasible and has already completed construction of the project, except for installing a larger pump. With the growth in the Spanish Valley, additional water is a necessity and there is no feasible alternative to the planned and constructed water delivery system.

DEMAND/SUPPLY:

In 1997, the Grand County Water Conservancy District served 900 Equivalent Residential Connections (ERC). The Grand Water & Sewer Service Agency currently serves 1,700 ERCs and has commitments for 1,000 more. The majority of the growth is occurring in Spanish Valley. Several new developments have been started and the estimated growth rate of Spanish Valley is approximately 7 percent annually.

Water use for last year was about 1,050 acre-feet, and that is expected to increase dramatically in the next few years due to growth. The 622 acre-feet remaining from the board's assignment will be needed for this growth.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **92-645**
Received: 10/22/96
First Presented: 12/6/96
Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***SCHOOL AND INSTITUTIONAL TRUST LANDS
ADMINISTRATION (SITLA)***

Trust Lands Resource Richard B. Wilcox
Specialist: 675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818
Phone: (801) 538-5100

LOCATION: The requested water will be used primarily on trust lands located east of Green River in Grand County.

DESCRIPTION: SITLA is responsible for managing approximately 3.5 million acres of trust lands throughout the State of Utah.

On May 19, 1997 the board made an assignment to the applicant of 600 acre-feet of its Flaming Gorge Water Right, with depletion limited to 313 acre-feet. The applicant initially filed a change application to divert the water right from underground wells to provide water for a resort in Garfield County, but the resort was never developed. The applicant has since submitted a change application to divert the remaining 588 acre-feet to land near Green River.

CURRENT
CONDITIONS: The applicant is currently leasing approximately 165 acres and the 588 acre-foot Flaming Gorge water right to a farmer. As part of the lease agreement, the water right must be put to beneficial use. The farmer has the necessary pump and pipeline in place to move the water from the river to the SITLA land

and should complete construction on the needed irrigation facilities by early summer. The applicant expects to be able to file proof soon after the change application is approved by the State Engineer.

In addition, 12 acre-feet, with a depletion limited to 2.4 acre-feet, were segregated and proof filed (Water Right No. 97-2132) for use on leased lands north of Bullfrog at Lake Powell for a boat storage facility, convenience store, service station, and some homes.

ECONOMIC/
FINANCIAL
FEASIBILITY:

The farmer is using his own funds to construct the irrigation facilities, and plans to finish this summer.

DEMAND/SUPPLY:

The lease to the farmer is for 165 acres. Based on a duty value of five acre-feet/acre, the farmer will need 825 acre-feet annually. This right for 588 acre-feet, with depletion limited to 310.6 acre-feet, which will irrigate approximately 118 acres of the land under lease. The farmer has existing water rights to irrigate the remaining 47 acres.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **97-2220**
Received: 9/19/97
First Presented: 1/30/99
Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***BOULDER FARMSTEAD WATER COMPANY***

President: Connie Reid
P.O. Box 1356
Boulder, UT 84716
Phone: (435) 335-7340

LOCATION: The requested water will be used in the Town of Boulder, located in central Garfield County.

DESCRIPTION: Boulder Town anticipated growth related to the creation and development of the Escalante Grand Staircase National Monument, which has not occurred. The town has a current population of about 180.

On March 6, 2000 the Board of Water Resources made an assignment to Boulder Farmstead Water Company of 300 acre-feet under segregation #41-3519, with the depletion to be limited to 132 acre-feet, for growth in Boulder Town. A change application (97-2220, a24369) was filed by the water company and approved by the State Engineer.

CURRENT CONDITIONS: The applicant currently serves culinary water to 95 residential and 30 undeveloped connections. It obtains water from a well producing 150 gpm and a spring producing 110 gpm, with a water right of 100 acre-feet. The spring was recently re-developed and will now supply all of the applicant's water right. With existing infrastructure, the applicant's engineer believes the applicant can develop 245 acre-feet of its Flaming Gorge water right.

The applicant is in the process of transferring the water system to Boulder Town, which can file proof of beneficial use before all water is put to use.

ECONOMIC/
FINANCIAL
FEASIBILITY:

The applicant recently redeveloped its springs to the the maximum flow available with the water right. The cost of this project was \$14,000, which was paid by the company. It removed willows in and around the spring area, replaced some of the collection piping, and was able to increase the water served by the springs by 44 acre-feet annually. An additional well will need to be drilled to develop the entire 300 acre-feet of Flaming Gorge water right, but it will not be necessary for several years.

DEMAND/SUPPLY:

The population of Boulder Town is about 180 and is expected to increase to 300 by 2050. Current municipal and industrial water use is 46 acre-feet annually. Water demand in 2050 is estimated to be 105 acre-feet for municipal and industrial use. The existing water rights are about 100 acre-feet.

The applicant will need five acre-feet of the Flaming Gorge water right, with depletion limited to 2.2 acre-feet, to meet estimated demands in 2050.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No. **97-2280**

Received: 10/08/97

First Presented: 1/30/99

Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***GARFIELD COUNTY SCHOOL DISTRICT***

Superintendent: Dr. George Parks
P.O. Box 398
Panguitch, UT 84759
Phone: (435) 676-8821

LOCATION: The requested water will be used in Escalante City in Garfield County.

DESCRIPTION: Garfield County School District currently uses culinary water to irrigate about 12 acres of turf at three of its schools in Escalante City.

On March 7, 2000 the Board of Water Resources made an assignment to the district of 50 acre-feet of its Flaming Gorge Water Right, with the depletion to be limited to 29 acre-feet, under segregation #41-3526, to be used on 12.5 acres of grass and athletic fields surrounding the schools. A change application (97-2280, a31049) was filed by the applicant and approved by the State Engineer.

CURRENT CONDITIONS: The applicant has relied on the Escalante City culinary water system for most of its irrigation needs in the past. The city, however, is short of water and has restricted the schools' use to indoor only. The sponsor owns some shares in the New Escalante Irrigation Company, but it is not a reliable supply. The applicant has hired a professional geologist to determine the possibility of drilling a new well in a canyon just northeast of

the schools. Based on the geologist's report, the applicant is working with a well driller in the area to determine the best location to drill a well. It will also install transmission lines from the well to the schools, and is finalizing permits with School and Institutional Trust Lands (SITLA) and the LDS church, the owners of the land. SITLA will grant a temporary permit for a test well; if the well is productive, it will grant a 50-year permit. Construction can begin once funding is secured. The applicant believes construction will begin in the spring and be completed by fall 2007.

Preliminary engineering has been completed by Sunrise Engineering in Fillmore; final plans and specifications should be complete in March 2007.

ECONOMIC/
FINANCIAL
FEASIBILITY:

The cost to drill a 1,000-foot deep well and install transmission lines is estimated to be about \$550,000. The applicant was denied funding from the Permanent Community Impact Board in February 2007. The applicant is now planning to apply to the board; if a loan is authorized, it plans to make repayments through a recreational property tax assessment of about \$15,000 annually. The district feels it would pay at least \$30,000 annually for city water.

DEMAND/ SUPPLY: To irrigate the 12.5 acres of turf, and based on a duty value of four acre-feet/acre, the applicant will need to divert 50 acre-feet, with depletion of 29 acre-feet, annually.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **05-2992**
Received: 6/20/97
First Presented: 9/19/97
Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **WILSON ARCH WATER & SEWER COMPANY**

President: Phillip Vance Glaze
P.O. Box 326
Monticello, UT 84535-0326
Phone: (435) 686-2306

LOCATION: The requested water will be used in the Wilson Arch Resort Community on U.S. Highway 191 between Moab and Monticello in San Juan County.

DESCRIPTION: Wilson Arch is a resort development that includes full- and part-time residences and commercial lots. Phase I of the development consists of 60 lots and eight commercial properties. On September 13, 1999 the Board of Water Resources made an assignment to Wilson Arch Water & Sewer Company of 100 acre-feet of its Flaming Gorge water right under segregation #41-3515, with the depletion to be limited to 56 acre-feet, to be used for the resort. A change application (05-2992, a28592) was filed by the water company and approved by the State Engineer.

CURRENT CONDITIONS: Twenty-two residential lots in Phase I have been sold to date. The entire water system has been constructed for Phase I, including three wells, power lines to the wells, three underground storage tanks, and a pipeline, at a total cost of \$335,000. The remaining phases of the resort have been completely designed, including the water system, and the roads have been cleared.

ECONOMIC/
FINANCIAL
FEASIBILITY:

As more lots are sold in Phase I, the applicant will construct the remainder of the water system. Using funds from the sale of property, the applicant anticipates finishing the water system and filing proof within 18 months.

DEMAND/SUPPLY:

Wilson Arch does not have any other water rights. All 100 acre-feet, with a depletion limited to 56 acre-feet, are necessary for the resort. This will allow for 43.2 acre-feet for residences, 9.2 acre-feet for commercial properties, 42 acre-feet for the irrigation of 10.5 acres, and 5.6 acre-feet for stockwatering. The State Engineer allows a subdivision to file proof before all water is actually put to use as long as certain conditions are met.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **97-2214**
Received: 7/01/98
First Presented: 1/30/99
Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***ESCALANTE CITY***

Mayor: Don Porter
P.O. Box 189
56 North 100 West
Escalante, UT 84726
Phone: (435) 826-4644

LOCATION: The requested water will be used in Escalante City in Garfield County.

DESCRIPTION: On March 9, 2000 the Board of Water Resources made an assignment to Escalante City (population about 950) of 550 acre-feet of its Flaming Gorge water right under segregation #41-3527, with the depletion to be limited to 391 acre-feet, to be used for growth in the city. A change application (97-2214, a24248) was filed by the applicant to divert the water right from the existing springs north of town, which was protested and denied by the State Engineer in March 2001 because the base flows of the springs were already fully appropriated. The applicant is now planning to divert the water from its existing well, and filed a second change application (a31693) on July 5, 2006 for this purpose. This application was approved by the State Engineer on January 9, 2007.

CURRENT
CONDITIONS: The applicant presently has 587 connections (503 residential, 47 commercial, and 37 industrial and institutional). It provides water from several springs about 20 miles north of town, and until 2004 pumped water from a well, as needed, during peak

demand periods. The applicant has stopped using the well because it is high in iron, manganese, and sulfur. The mineral levels increase when the well is not being used, requiring the water be mixed with spring water for use in the system. The well was videoed in 2004 and it was determined that several conditions have caused taste and odor problems. It is expected those issues can be resolved by rehabilitating the well and installing a new pump. The applicant has a fixed-time right through 2010 for this water and is planning to use the well for its Flaming Gorge water right.

The applicant is planning to rehabilitate the well, add a new pump, and upgrade most of its water system. Preliminary engineering is finished and final design will be completed when funding is secured. Mike Zimmerman Well Service will complete construction, which is anticipated to take about two months. The applicant should be able to file proof of beneficial use by late 2007.

ECONOMIC/
FINANCIAL
FEASIBILITY:

The applicant has applied to CIB (Permanent Community Impact Board) for \$2.16 million for culinary water system improvements and has been placed on a pending list by CIB. It has also applied to the Drinking Water Board for \$2.16 million for culinary water system improvements and will be considered at that board's March 2, 2007 meeting. The cost to rehabilitate the well is estimated to be about \$314,000 and is included in the funding request to CIB and the Drinking Water Board.

The applicant does not have many options for other water sources. The State Engineer has closed the area to future appropriations. The applicant has already attempted to get more water from its springs but was denied, and drilling a new well would be more costly than rehabilitating the existing one.

DEMAND/SUPPLY:

The population of Escalante City is about 950 and is expected to increase to 1,630 by 2050. Current municipal and industrial use is 369 acre-feet. Water demand in 2050 is estimated to be 637 acre-feet for municipal and industrial use. The applicant's existing water right is currently 362 acre-feet, which does not include 299 acre-feet of the fixed time right in the well. The Division of Water Rights

does not intend to renew or extend this water right since the applicant has a Flaming Gorge water right.

The applicant will need 275 acre-feet of Flaming Gorge water, with depletion limited to 196 acre-feet, to meet demands in 2050.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **92-633**
Received: 9/27/97
First Presented: 1/30/99
Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***EASTSIDE HIGH DITCH COMPANY***

President: Tim Vetere
P.O. Box 404
Green River, UT 84525
Phone: (435) 564-8115

LOCATION: The requested water will be used to irrigate about 980 acres of farmland near Green River in Grand County.

DESCRIPTION: Eastside High Ditch Irrigation Company is a non-profit corporation owning 1,560 acres, and grows melons, hay, and corn.

The applicant received two allocations of Flaming Gorge Water Rights. In August 1996 the applicant received a water right of 2,900 acre-feet (92-622) to irrigate 580 acres, for which proof has been filed.

On March 9, 2000 the board made a second assignment to the applicant of 4,900 acre-feet of its Flaming Gorge Water Right under segregation #41-3524, with the depletion to be limited to 2,989 acre-feet. The applicant has filed Change Application No. 92-633 (a26251) and is working to put all of this water to beneficial use.

CURRENT
CONDITIONS: Engineering plans to put the second right to use, in the amount of 4,900 acre-feet, have been completed. Pivots, pipelines, and pumps have been installed to provide water to approximately 800 of 980 acres of

farmland, and a pump and pipeline have been installed to deliver water to the remaining 180 acres. A concrete pivot pad has been constructed for an 80-acre parcel. It is expected to take two more summers to get the final pivots in place to irrigate the remaining 180 acres.

ECONOMIC/
FINANCIAL
FEASIBILITY:

The applicant is using proceeds from the sale of crops on the developed 800 acres to pay for the remaining facilities. Due to increasing pipe, fuel, and power prices it has taken longer than was originally planned to complete the project and submit proof.

DEMAND/SUPPLY:

Based on a duty value of five acre-feet/acre, and irrigating 980 acres, the applicant will need 4,900 acre-feet, with a depletion of 2,989 acre-feet, annually (the amount of the award).

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **89-1595, 89-1596**
Received: 9/19/97
First Presented: 1/30/99
Last Extension: 12/8/06

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **TOWN OF TROPIC**

Mayor: Lowell Mecham
21 South 300 West
P.O. Box 38
Tropic, UT 84776
Phone: (435) 679-8728

LOCATION: The requested water will be used in Tropic in Garfield County.

DESCRIPTION: Tropic is a small town in central Garfield County with a population of about 550 people. On March 9, 2000 the Board of Water Resources made an assignment to the applicant of 1,100 acre-feet of its Flaming Gorge water right under segregation #41-3522, with the depletion to be limited to 616 acre-feet, to supplement culinary and pressurized irrigation water.

In 2001 a change application (89-1595, a30414) was filed and approved by the State Engineer. The applicant segregated part of Water Right No. 89-1595 under No. 89-1596 to divert the water from an existing spring, but the change application was heavily protested and denied by the State Engineer. On February 2, 2007 the applicant submitted a change application to divert both 89-1595 and 89-1596 out of an existing well located in its city park. It is waiting for approval by the State Engineer.

CURRENT CONDITIONS: The applicant delivers water from two springs to 226 residential connections and 22 commercial

connections. In 1991 the applicant drilled a new well that produced hot water high in arsenic. At the time it was too costly to treat, but advances in filtration and pump equipment now make it possible to treat the water and use it for culinary purposes.

The applicant hired Jones & DeMille Engineering in Richfield and final plans and specifications are complete to equip the well and construct a filtration plant. The test pump and other preliminary work have been completed. The well is capable of pumping up to 200 gpm (about 325 acre-feet annually). The applicant has a fixed-time right through 2009 for this water and is planning to use the well for its Flaming Gorge water right.

The applicant has bid the project and awarded it to Harward & Reese in Loa. The contractor has 120 days to finish construction of the project. The applicant can file proof of beneficial use after project completion.

ECONOMIC/
FINANCIAL
FEASIBILITY:

The applicant has received funding from the CIB (Permanent Community Impact Board) for \$1.165 million (\$380,000 loan, \$785,000 grant) for equipping and test pumping the well, and installing a filtration plant. The town held a public hearing and has adopted final bond resolution parameters. Bond attorneys need to set a date for closing on the bond and then construction will begin.

DEMAND/SUPPLY:

The population of Tropic Town is currently about 510 and is expected to increase to about 870 by 2050. Current municipal and industrial use is 422 acre-feet. Water demand in 2050 is estimated to be 743 acre-feet for municipal and industrial use. The applicant's existing water rights are about 323 acre-feet, which does not include the 1,448 acre-feet of fixed-time right in the well.

The applicant will need 420 acre-feet of Flaming Gorge water, with depletion limited to 235 acre-feet, to meet demands in 2050.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right Nos.: **92-638, 91-5075, 93-3750**

Received: 6/30/98

First Presented: 1/30/99

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***GUNNISON BUTTE MUTUAL IRRIGATION COMPANY***

President: Lee Thayn
P.O. Box 447
Green River, UT 84525
Phone: (435) 564-3325

LOCATION: The requested water will be used to irrigate farmland north and south of Green River in both Grand and Emery Counties.

DESCRIPTION: Gunnison Butte Mutual Irrigation Company is a non-profit corporation that provides water to farmers owning land surrounding the town of Green River.

CURRENT CONDITIONS: The applicant received an allocation of the Flaming Gorge Water Right in the amount of 24,825 acre-feet, with depletion of 15,143 acre-feet, to irrigate 4,969 acres. This was filed under Water Right No. 41-3531, Change Applications 92-638(a27713), 91-5705(a27714), and 93-3750(a27715), which have been approved.

Water systems are completed on approximately 650 acres that are producing crops. Construction is partially complete on another 198 acres and should be finished this summer. Another 1,438 acres have had engineering, planning, or other investments made. Nothing has been done to improve the remaining 2,683 acres, the majority of which (2,588 acres) has been sold by the original owners.

ECONOMIC/
FINANCIAL
FEASIBILITY:

Most of the farmers are using their own funds to construct the necessary facilities. Others are receiving assistance from the Natural Resources Conservation Service or Rural Development. Most of the unused 2,683 acres have not been improved due to lack of funding.

DEMAND/SUPPLY:

Based on a total of 2,286 acres either planned, under construction, or producing, 11,430 acre-feet of water, with depletion of 6,972 acre-feet, are necessary for irrigation.

The status of each shareholder requesting a portion of the applicant's Flaming Gorge water right is listed in the following table:

<u>Project Sponsor</u>	<u>Water Right Depletion (acre-feet)</u>	<u>Planning % Complete</u>	<u>Design % Complete</u>	<u>Construction % Complete</u>	<u>Funding in Place</u>
Book Cliff Cattle Co.	7,856	0	0	0	No
Lee Thayn	3,208	100	100	45	RDL loan
Rodney Silliman	1,067	75	10	10	NRCS assist
Ruby Ranch (Rozmans)	991	100	100	0	Self-funded
Chris Dunham	670	50	10	10	Self-funded
Nancy Dunham	381	100	100	100	Completed
Kelly Dunham	384	60	60	35	Self-funded
Uptain	218	0	0	0	No
Vetere	122	100	100	100	Completed
Jamie Richardson	61	100	100	50	Self-funded
Kirk Dunham	52	100	100	100	Completed
Randy Nelson	46	100	100	100	Completed
Harold Nelson	30	100	100	75	Self-funded
Williams	30	0	0	0	No
Clarks	24	100	100	75	Self-funded
Morrow	3	0	0	0	No
TOTAL	15,143				

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **41-3532**
Received: 7/1/98
First Presented: 1/30/99
Last Extension: 12/8/07

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***DAGGETT COUNTY***

Commissioner: Floyd Briggs
Box 219
Manila, UT 84046
Phone: (435) 784-3210

LOCATION: The requested water will be used in the Taylor Flats subdivision, about ten miles east of Dutch John in Daggett County.

DESCRIPTION: Daggett County applied for Flaming Gorge water rights in order to secure rights for the Taylor Flat subdivision. When originally platted, the subdivision contained approximately 1,000 small lots. There are currently ten residences (three full-time), which obtain water from individual wells.

In 1997, Tri-County Health initiated a building moratorium due to health concerns of wells and septic systems being in such close proximity on the lots. The moratorium was lifted in 2005 with the restriction that lot sizes could be no smaller than 1¼ acres. No building permits have been requested since. It is now anticipated that there could be up to 245 acceptable home lots in the area.

On January 30, 1999, the Board of Water Resources made an assignment to Daggett County of 200 acre-feet of its Flaming Gorge water right, with the depletion limited to 68 acre-feet. The segregation indicated water use would be 126.35 acre-feet for the irrigation of just over 42 acres, and 73.65 acre-feet

for 245 homes, of which about 75% will be part-time recreational residences (183 @ 0.25 acre-feet each) and about 25% will be fulltime residences (62 @ 0.45 acre-feet each).

A change application will be filed with the State Engineer's office if the board gives the applicant an extension of time.

CURRENT
CONDITIONS:

No engineering study has been initiated. The county suggests that when sufficient growth occurs, homeowners create a special service district and develop a community water system.

The county is rebuilding a three-mile section of canyon roadway to enhance access to and interest in Taylor Flats.

ECONOMIC/
FINANCIAL
FEASIBILITY:

No specific project has been identified; however, a community water system would likely include a well, storage facility, and transmission and distribution pipelines.

DEMAND/SUPPLY:

It is unknown whether growth will occur and a water system will be needed. The Vernal area Water Rights engineer has indicated the area is still open to single, domestic water right appropriations on a limited basis.

At the same time the board was granted its Flaming Gorge water right, Daggett County received a Flaming Gorge water right for 12,000 acre-feet for use in the Dutch John area. The county recently applied for an extension of its proof period, which has not been finalized. If the extension is granted, it is likely a portion of it could be used in the Taylor Flats area.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **49-1654**
Received: 2/20/97
First Presented: 3/13/97
Last Extension: 1/26/07

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: ***K RANCH WATER COMPANY***

Ranch Manager: Mike Snyder
981 U.S. Highway 40
Dinosaur, CO 81610
Phone: (970) 374-2055

LOCATION: The requested water will be used on K Ranch, approximately 15 miles east of Jensen on the Colorado-Utah border in Uintah County.

DESCRIPTION: K Ranch LLC is a privately owned, for-profit corporation covering 58,000 acres (16,000 acres owned, 42,000 acres leased from BLM), the majority of which is in Colorado. To obtain Flaming Gorge water rights from the board, K Ranch Water Company, a non-profit corporation, was established.

The ranch currently irrigates approximately 60 acres in Colorado to raise a portion of the winter feed needed for its herd of 600 cattle; the rest is purchased. The board awarded 2,400 acre-feet of its Flaming Gorge water right, with depletion limited to 1,356 acre-feet, to be used to irrigate 600 additional acres of previously uncultivated land. On June 22, 2001 a Change Application (a25365) was approved by the State Engineer, moving the place of use to the Utah portion of the ranch and the point of diversion to two locations proposed for wells.

CURRENT CONDITIONS: The applicant has commissioned several studies by engineers and hydrologists to help locate an adequate

water source. It has been determined that in order to obtain a quantity of water sufficient to irrigate 600 acres, one or more wells, drilled approximately 2,400 feet deep into the Navajo Sandstone, will be necessary.

The applicant has an agreement with Parallel Petroleum to allow an oil test well to be drilled on the ranch, with the understanding that well log data will be shared. The data would be used in locating the applicant's water wells. It is not known when the test well will be drilled, however, and the applicant is willing to proceed with drilling without the data in the coming months if necessary.

ECONOMIC/
FINANCIAL
FEASIBILITY:

A \$1.8 million preliminary cost estimate by staff includes two wells with pumps, four quarter-mile long central pivots, and the necessary pipelines, power lines, and farm equipment to irrigate approximately 600 acres.

Staff calculated a net annual benefit of about \$95,000, assuming four tons of alfalfa hay per acre, worth \$98 per ton, with operation and equipment costs then deducted.

DEMAND/SUPPLY:

The applicant owns sufficient land in Utah to cultivate 600 acres. The land will need to be cleared and leveled, but given two or three years the applicant should be able to accomplish this. Farming the 600 acres should eliminate the applicant's need to purchase feed and possibly allow the herd to be expanded.

It is anticipated that one well will be drilled, developed, and equipped, and once a sustainable amount of water has been determined, land will be cultivated to match the supply. Then a second well will be drilled and additional land put to use.

The number of acres cultivated (and amount of Flaming Gorge water right needed), however, ultimately depends on the amount of water developed from the wells.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **01-1144**

Received: 6/1/98

First Presented: 1/30/99

To be Presented at the March 7, 2007 Board Meeting

SPONSOR: **W W WATER COMPANY**

President: Dr. Kirk Shiner
33420 Antelope Road
Route County Road #1
McCoy, CO 80463
Phone: (970) 653-1950

LOCATION: The requested water will be used on the West Water Ranch on the Colorado River, 45 miles northeast of Moab in Grand County.

DESCRIPTION: On March 9, 2000 the Board of Water Resources assigned Water Right segregation #41-3529 to WW Water Company for 3,655 acre-feet of its Flaming Gorge water right, with the depletion to be limited to 2,230 acre-feet, to irrigate farmland and grazing land on a cattle ranch. The water is to be diverted directly from the Colorado River. Change application #01-1144 (a28177) has been filed and approved by the State Engineer. Since that time the ranch has been sold to Dr. Shiner.

In its approval process, the State Engineer's office determined the ranch could only use 2,545 acre-feet of the 3,655 awarded by the board, limited to 1,550 acre-feet depletion.

CURRENT CONDITIONS: The current owner has cleared additional land and has installed trunk lines and a center pivot irrigation system, along with an extension to the existing wheel line sprinkler and gated pipes.

Mark Page, formerly the Area Engineer for the Division of Water Rights, has been hired to do the proof. Surveying shows 445 acres were irrigated last year. An additional 224 acres are being developed, for a total of 669 acres. The owners had existing water rights to irrigate about 169 acres and the Flaming Gorge right is sufficient for the irrigation of about 500 acres. The proof is anticipated to be complete in October 2007.

STAFF COMMENT: This application was not presented in the December 8, 2006 board meeting and so did not receive a three-month extension, because Dr. Shiner reported to staff he had completed his irrigation system and could have proof in by the end of the year.

Dr. Shiner was not familiar with Utah requirements for filing proof, and did not realize the time involved. Although construction is complete, proof will still take some time.

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-218***

Received: 1/29/07

SPONSOR: ***CITY OF SARATOGA SPRINGS***

Mayor: Timothy Parker
1307 N. Commerce Dr., Ste 200
Saratoga Springs, UT 84043
Phone: (801) 766-9793

LOCATION: The proposed project is located in Saratoga Springs,
on the west side of Utah Lake in Utah County.

PROPOSED PROJECT: The sponsor is requesting assistance to install a
pressurized irrigation system to serve the north half
of the city.

WATER RIGHTS: Numerous underground and surface rights.

COST ESTIMATE: \$6,000,000

Unapproved
BOARD OF WATER RESOURCES
BRIEFING MEETING
January 26, 2007
10:00 a.m.

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES
BRIEFING MEETING
Room 314 – DNR Building
January 26, 2007
10:00 a.m.

Attendees:

Brad Hancock
Paul McPherson
Warren Peterson
Harold Shirley
Ivan Flint
Craig Johansen
John Carman

Dennis Strong, Director
Eric Millis, Deputy Director
Todd Adams, Asst. Director
Val Anderson, Chief, Investigations
Patrick Cowley, Engineer
Geralee Murdock, Administrative Secretary

Marc Brown, Montgomery, Watson, Harza

Discussion of Projects

Deweyville Town

Val Anderson said the proposed project is located in Deweyville Town, north of Brigham City in Box Elder County. The town delivers culinary water to 124 residential connections and three dairies. Water is obtained from springs east of town and one well. About half of the residents use culinary water for outdoor watering. The town's existing transmission lines are 4" and 6" which are small for fireflow. Little has been done the last 33 years to upgrade the system. The water system is currently rated "approved" by the Division of Drinking water, however the town has placed a moratorium on future water connections until the system's improvements are completed. Financial assistance is being requested to equip and connect to the well drilled in 2003, install about 4.5 miles of transmission and distribution line and construct a 500,000 gallon concrete storage tank. Hansen and Associates will provide technical assistance. The Board is requested to provide 85% of the project cost. The town is requesting the well drilled in 2003 be counted towards its share of the project.

Warren Peterson asked if the 10 a.m. to 6 p.m. ordinance would be required of the town. Director Strong said the decision to require the ordinance as a condition of Board assistance could be waived. Mr. Peterson said he would make the motion to authorize the project as Blair Francis was not in attendance at the meeting.

Rocky Ford Irrigation Company

Board member, Harold Shirley, said the Rocky Ford Dam is now well built because of the dam safety upgrades the Board funded, however the principle spillway needs to be repaired; Cavitation has exposed reinforcing steel in the spillway and that creates a structural problem. The sidewalls along the last 14 feet of the spillway also need to be raised to a height of four feet to provide increased capacity.

Committal of Funds

Huntsville South Bench Canal Company

Ivan Flint said the project is straight forward. The company will provide 10% of the project cost (\$143,000). The Board will provide \$1.287 million; the repayment schedule is as authorized. They are ready to go.

Loss Creek Irrigation Company

Warren Peterson said the Loss Creek Canal comes off the Sevier River just above the Circleville area. He said the radial gates are ancient and need to be replaced. Mr. Peterson was concerned the company was irrigating land not allowed under the Cox Decree. He said the motion needs to state funds will be committed if staff can verify that no unauthorized land is being irrigated. Val Anderson stated Tom Cox had talked with Kurt Forbush (Water Rights Area Engineer) and Mr. Forbush feels the company was only irrigating land below the canal. Mr. Peterson emphasized he wanted it verified that only authorized land will be irrigated.

Providence-Logan Irrigation Company

Val Anderson said the irrigation company is requesting financial assistance to replace about 4,500 feet of canal with an inverted siphon to carry irrigation water from the Logan River to its service area in and around River Heights. The company has been unable to obtain easements for a large portion of the siphon and has decided to complete only the most critical segment at this time. Project costs did not reduce proportionately as construction costs have risen significantly since the project was authorized. The estimated cost of the project is now \$227,000.

Special Items

#D760 Spring Glen Water Company

Patrick Cowley said in 1992 the Board provided \$108,000 (75%) to Spring Glen to help construct a 60,000 gallon storage tank and improve its water system. Last September, the Board committed funds to the Emigration Improvement District (EID) to expand its culinary water system to serve additional residences along Emigration Canyon. Spring Glen has paid over half

of its loan and is requesting 47% of its water rights be released so the residents desiring to join the Emigration District may do so.

John Carman said he, Eric Millis and Patrick Cowley met with the EID and talked with them about their plan. Mr. Carman said some Spring Glen residents want to stay exclusively with Spring Glen, others will only use Spring Glen for secondary water. Mr. Carman suggested the Spring Glen Company look at how they are going to meet their O&M and capital needs costs.

Paul McPherson suggested the EID and Spring Glen Water Company merge. Mr. Carman said he prefers regionalization and would like to see the companies merge, however it isn't likely at this time.

Director Strong asked will the Spring Glen Company have the ability to pay its Board loan if it loses half of its customers? It is still obligated to make the annual payment to the Board. Mr. Strong said only the culinary water that is removed from the company's system and will be delivered by EID could be transferred. Spring Glen will still serve the secondary needs of all the residents, therefore all the residents are obligated to repay the Board's loan.

Flaming Gorge Water Rights

K Ranch Water Company

Chair Hancock said the K Ranch Water Company is requesting the Board revisit their request for an extension of its Flaming Gorge Water Right. Eric Millis said the owner is living and working in Tennessee. The letter informing them of the need to extend was sent to his address in Tennessee. Shalaine DeBernardi tried to contact Mr. Roach by telephone four times when a response hadn't been received. Warren Peterson suggested the company be given the extension until March, the same as everyone else.

Meeting adjourned at 12 noon.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
January 26, 2007

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the December 8, 2006, Board meetings were approved with suggested changes Page 1
2. The Board authorized the Deweyville Town project in the amount of \$1.346 million (85%) to be returned at 1% interest over 30 years with payments starting at approximately \$42,900 and increasing 2% each year to approximately \$74,000 with a final payment of about \$86,400. Page 2
3. The Rocky Ford Irrigation Company project was authorized at \$87,300 (90%) to be purchased with annual payments of \$13,000 at 0% interest over approximately seven years. The repayments will begin at the end of the current loan in 2011. Funds will not be committed until the company becomes reincorporated. Page 3
4. Funds were committed to the Huntsville South Bench Canal Company in the amount of \$1.287 million (90%) to be returned at 1% interest over 30 years with annual payments of approximately \$49,900. Page 3
5. The Board tabled the Loss Creek Irrigation Company project until it is verified whether the additional acreage is included or not. Page 3
6. The Board committed funds to the Providence-Logan Irrigation Company project in the amount of \$193,000 (85%) to be returned in 25 years at 0% interest with annual payments of approximately \$7,700. Page 4
7. The Board agreed to release water rights being held so Spring Glen Water Company may participate in the Emigration Improvement District's expansion project with the provisions there is contractual insurance the viability of Spring Glen will remain in the sense the shareholders, whether they are secondary or secondary and culinary, make their payments to the company so it remains viable as well as insuring compliance with the Board's statute so that water is not being released that is still in the system. Page 5
8. The Board awarded K Ranch Water Company a 3-month extension. Staff will investigate how far the project is and the likelihood of the completion of the project and how much planning has gone into it. This is to be reviewed at the March 7, meeting of the Board of Water Resources along with all others that were granted a 3-month extension. Page 6
9. Staff will continue negotiations with Montgomery Watson Harza and after the negotiations are completed authorize the Board chairman to sign the agreement with the caveat it is not to exceed \$5.626 million, and authorize a notice to proceed. Page 7

THOSE PRESENT

The BOARD OF WATER RESOURCES met in regular session on Friday, January 26, 2007, in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Brad Hancock presided over the 1:00 p.m. meeting.

BOARD MEMBERS PRESENT:

Brad Hancock
Paul McPherson
Warren Peterson
Ivan Flint
John Carman
Harold Shirley
Craig Johansen

STAFF MEMBERS PRESENT:

Dennis Strong, Director
Eric Millis, Deputy Director
Todd Adams, Asst. Director
Randy Staker, Accountant
Eric Klotz, Chief, Water Conservation/Education and Use
Val Anderson, Chief, Investigations
Tom Cox, Engineer
Marisa Egbert, Engineer
Shalaine DeBernardi, Engineer
Patrick Cowley, Engineer
Gina Hirst, Engineer
Jennie Hoover, Water Conservation Coordinator
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Dave Marble, Engineer, Division of Water Rights
Paul Blanchard, Business Development Director, Continental Pipe Co.
Stan Postma, Vice-president, Montgomery Watson Harza
Marc Brown, Vice-president, Montgomery Watson Harza

Robert Thayne, Mayor, Deweyville Town
Jan Thayne, Deweyville Town
Sherie H. Goring, Council Member, Deweyville Town
William Goring, Deweyville Town
D. Chris Wight, Project Manager, Hanson & Associates Engineers

OTHERS PRESENT CONT'D:

Mark Truman, President, Rocky Ford Irrigation Company
Jill Truman, Rocky Ford Irrigation Company
Chad Brown, Franson Civil Engineers

Reed W. Fielding, Board member, Huntsville South Bench Canal Co.

Steve Taylor, President, Spring Glen Water Co.
David Bradford, Vice-President, Spring Glen Water Co.

Mike A. Snyder, Ranch Manager, K-Ranch Water Co.
Norma Snyder, K-Ranch Water Co.
Rosemary J. Beless, Attorney, Fabian & Clendenin

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
January 26, 2007

Chair Hancock welcomed everyone to the Board meeting.

WATER SUPPLY REPORT

Randy Julander reported the Miller Flat Reservoir's (in Emery County) (9-10,000 ft. elevation) west facing slope has barely enough snow to cover the ground. This is an indication things are not what we want them to be. The good news is water year precipitation. October was really good, November was average. December and January were absolutely atrocious – December in the 60% range and January less than 50%. The current snow water equivalent for the state is at 60%. Reservoir storage – all of the reservoirs throughout the state are in the 60 to about 80% of capacity as of January 1. Soil moisture – the state is in a dry condition, not indicating drought but indicating dry.

APPROVAL OF THE MINUTES

Warren Peterson moved the minutes of the December 8, 2006, board meetings be approved with suggested changes. John Carman seconded the motion and the Board unanimously agreed.

FEASIBILITY REPORTS

#L-567 Deweyville Town

Chair Hancock introduced Robert Thayne, Jan Thayne, Sherrie Goring, William Goring and Chris Wight. Gina Hirst reported Deweyville, north of Brigham City, serves culinary water to 124 residential connections and three dairies. Water is obtained from springs located east of town, and one well. Half of the residents use culinary water for outdoor watering. the other half use water from Bear River Canal Company or private water sources. The town has a 200,000 gallon concrete storage tank southeast of town and a 100,000 gallon concrete storage tank northeast of town, both over 30 years old. The town's existing transmission lines are inadequately sized for fire flow and future growth. Little has been done the last 33 years to upgrade the system.

In 2003 the town drilled a second well that was never equipped. The town is requesting financial assistance to equip this well and install about 4.5 miles of new transmission and distribution line and construct a 500,000 gallon concrete storage tank. The total estimated cost is \$1.584 million; this includes the cost of the drilling of the well in 2003. The town is requesting the Board consider the cost of drilling the 2003 well as part of its cost sharing. The sponsor

intends to double its water rate to help pay for the project. Technical assistance is being provided by Hansen & Associates in Brigham City.

Mayor Thayne said the town needs the project as it will sustain future growth and provide proper fire protection. Warren Peterson said the Board likes to look at the rate structures and make sure there's enough cash flow so the loan can be repaid. He also noticed the town's low overage charges and the fact they did not have an increasing block rate structure which the Board likes to see for water conservation purposes. Mr. Peterson then asked the mayor how the town was going to solve the problem of increasing the rates and allowing for the three dairies with their minimum margin. Mayor Thayne said the town would definitely have to do something with the overage charges. Mr. Peterson asked if the required 10a.m. – 6p.m. ordinance worked for Deweyville. The Mayor replied yes.

Warren Peterson made the motion the Board authorize the Deweyville Town project at \$1.346 million (85%) to be returned at 1% interest over 30 years with payments starting at approximately \$42,900 and increasing 2% each year to approximately \$74,000, with a final payment of about \$86,400. Paul McPherson seconded the motion and it was unanimously agreed upon by the Board.

#E-213 Rocky Ford Irrigation Company

Chair Hancock introduced Mark Truman, Jill Truman and Chad Brown. Marisa Egbert reported the proposed project is located at the Rocky Ford Dam on Beaver Creek in Beaver County. The company supplies approximately 12,000 acre-feet of supplemental water to 55 stockholders irrigating 4,000 acres. They also supply 7,500 acre-feet to Minersville Irrigation Company, and maintains 2,010 acre-feet in Minersville Reservoir for wildlife and recreation. Damage along the spillway has been caused by cavitation and freeze-thaw conditions that result from problems with air vents and the drainage system.

The company is requesting financial assistance to repair the present spillway by replacing the downstream 42 feet of the spillway and raising the side walls along the last 14 feet of the spillway to a height of four feet to provide increased capacity, replacing the drainage system and adding air vents. The total cost of the project is estimated to be \$97,000. The company has received financial assistance several times in the past. The last loan they received in 1999 and should be paid off in 2010. The company is requesting the repayment for the proposed project be added to its current loan with the first payment beginning in 2011 and ending in 2017.

Mr. Brown said the project is being required by the state dam safety officials. Warren Peterson said the feasibility report states Rocky Ford Irrigation Company is not current with the Department of Commerce. Funds cannot be committed to the project until this has been corrected.

Harold Shirley made the motion the Board authorize the Rocky Ford Irrigation Company project in the amount of \$87,300 (90%) to be purchased with annual payments of \$13,000 at 0% interest over approximately seven years. The repayments will begin at the end of the current

loan in 2011. Funds will not be committed until the company becomes reincorporated. John Carman seconded the motion and the Board agreed unanimously.

COMMITTAL OF FUNDS

#E-143 Huntsville South Bench Canal Company

Chair Hancock introduced Reed Fielding. Tom Cox reported the Huntsville South Bench Canal Co. provides irrigation water to agricultural land south of Pineview Reservoir near Huntsville in Weber County. The Board authorized a project to replace the nearly 3.5 mile long Huntsville South Bench Canal with HDPE pipeline. The project also includes about 17 turnouts. The estimated cost of the project is \$1.430 million. The cost sharing and cost estimate remain the same as authorized.

Chair Hancock said there was a question about the prices being current today. Tom Cox said during the design process they dropped the pipe size one size so the cost is about the same as it was four years ago. Ivan Flint made the motion to commit funds to the Huntsville South Bench Canal Company in the amount of \$1.287 million (90%) to be returned at 1% interest over 30 years with annual payments of approximately \$49,900. Craig Johansen seconded the motion and the Board unanimously agreed.

#E-167 Loss Creek Irrigation Company

Tom Cox reported the proposed project is located south of Circleville in Piute County. The Board authorized a project to replace a radial gate on the company's Sevier River diversion and install approximately two miles of 42 to 30-inch low head pipe and 12 turnouts. The estimated cost of the project is \$700,000.

Warren Peterson said there is a portion of the land under this canal that is not within the Cox Decree and a change application has not been filed authorizing irrigation of that land. One of the conditions of the loan authorization was that the problem needs to be dealt with. Mr. Peterson asked Tom Cox if he knew what had been done about the problem. Mr. Cox said he had talked with the company president and he said there were fewer acres being irrigated now than before. Mr. Cox said he didn't know if there's been any official investigation into the unauthorized irrigation. Mr. Peterson said he was aware of information that shows the company is not in compliance with the Cox Decree. He then made a motion the committal of funds to the project be tabled until it is verified whether the additional acreage is included or not. Harold Shirley seconded the motion and the Board unanimously agreed.

#E-191 Providence-Logan Irrigation Company

Gina Hirst reported the proposed project is located on the south side of Logan City in Cache County. The company requested financial assistance to replace about 4,500 feet of canal with an inverted siphon to carry irrigation water from the Logan River to its service area in and

around River Heights. The company has been unable to obtain easements for a large portion of the siphon and has decided to complete only the most critical segment at this time. Project costs did not reduce proportionately, as construction costs have risen significantly since the project was authorized. Craig Johansen asked why the cost of the project did not reduce proportionately. Ms. Hirst said the cost estimate was prepared approximately two years ago and the cost of pipe and everything else has risen dramatically. In addition they now have a more accurate and detailed cost estimate. Ivan Flint asked if the second phase of the project was the most expensive. Ms. Hirst replied no, this phase is the most expensive.

Ivan Flint made a motion to commit funds to the Providence-Logan Irrigation Company project in the amount of \$193,000 (85%) to be returned in 25 years at 0% interest with annual payments of approximately \$7,700. Paul McPherson seconded the motion and it was unanimously agreed upon by the Board.

SPECIAL ITEMS

#D-760 Spring Glen Water Company

Chair Hancock introduced Steve Taylor and David Bradford. Patrick Cowley reported the company is located in Emigration Canyon about three miles east of Salt Lake City in Salt Lake County. In 1992 the Board provided \$108,000 (75%) to Spring Glen to help construct a 60,000 gallon storage tank, chlorination facility and PVC pipeline with valves, service connections and fire hydrants. The project is being purchased from the Board with annual payments of \$4,400 at 0% interest through 2017. Spring Glen tendered water rights totaling 12 acre-feet to the Board as required by its funding contract.

Last September the Board committed funds to the Emigration Improvement District (EID) to expand its culinary system to serve additional residents along Emigration Canyon and approximately half of the 16 Spring Glen residents. EID is allowing those connecting to its system to transfer 0.45 acre-feet in lieu of paying a water right fee.

Spring Glen requests the Board release 6.3 acre-feet of the rights being held so it may participate in EID's expansion project. The proposed release would leave the Board with 5.7 acre-feet or 47.5% of Spring Glen's rights and Spring Glen has 44.7% remaining on the loan; staff recommends the Board approve Spring Glen's request. Details of the transfer will be worked out by staff and legal counsels of both parties.

John Carman asked Mr. Taylor and Mr. Bradford what the nature of the arrangement with EID was. Mr. Bradford said EID has structured its program such that those who have water rights can surrender the water rights to EID. For those who do not have a water right and want to join the system, EID will sell them a water right at the rate of \$8,000 per acre-foot. That is a possibility for those who do not have a water right. EID is charging \$15,500 to hook up to their system for culinary only. He said they have to keep Spring Glen Water Company financially viable.

Dennis Strong said one of the conditions of Spring Glen's loan is the water that is provided through the system is included and held by the Board until repayment is complete. Calculations need to be made as the only water that should be released is the water that was used inside. The secondary connection water must stay with the Spring Glen system so the Board will be compliant with its laws.

Paul McPherson asked if there had been an agreement signed by the shareholders stating their share of the loan must be paid. Mr. Taylor said an agreement should be finalized next week and will be signed by everyone in Spring Glen whether they go with EID or not. Mr. McPherson asked if the two companies had ever considered merging. Mr. Taylor said EID has not approached the company with any concept of merging. Spring Glen Water Company is a low function provider of water in the canyon; probably one of the better small water systems in the state; there is considerable interest in continuing to maintain the system as it is.

Craig Johansen suggested tabling the motion on the project until questions had been resolved. Mr. Bradford said the company's preference would be for the Board to act on the motion with provisions rather than having the motion tabled.

John Carman made the motion to release water rights being held so Spring Glen Water Company may participate in the Emigration Improvement District's expansion project with the provisions there is contractual insurance the viability of Spring Glen will remain, in the sense the shareholders, whether they are secondary or secondary and culinary, make their payments to the company so it remains viable as well as insuring compliance with the Board's statute so that water is not being released that is still in the system. Harold Shirley seconded the motion. The Board agreed. Craig Johansen opposed.

FLAMING GORGE WATER RIGHT

41-3494 K Ranch Water Company

Chair Hancock introduced Mike Snyder, Norma Snyder, and Rosemary Beless. Tom Cox reported K Ranch is located approximately 15 miles east of Jensen on the Colorado-Utah border in Uintah County. It comprises 58,000 acres of ground, 16,000 of which is privately owned by the ranch and the remaining is leased from the BLM. Most of it is in Colorado.

The ranch runs approximately 600 head of cattle and a few horses, with plans to increase the herd. Feed comes from 60 acres of sprinkle irrigated hay, limited grazing, and supplemental feed purchased at a cost of over \$100,000 annually.

Preliminary engineering and hydrologic studies indicate a 2,400-foot deep well would need to be drilled into the Navajo Sandstone to irrigate 600 additional acres located in Utah.

The Board awarded K Ranch 2,400 acre-feet of its Flaming Gorge water right, to be used to irrigate 600 acres. On June 22, 2001 a Change Application was approved by the State

Engineer moving the place of use to the Utah portion of the ranch and the point of diversion to two locations proposed for a well.

After phone conversations with staff, the company, through its attorney, provided a letter dated December 20, 2006, requesting a three-month extension bringing it to March of 2007, the same as all other Flaming Gorge water rights holders the Board had approved extensions for, in its December meeting.

Rosemary Beless stated the notice sent out about the Flaming Gorge Water Right extension went to Chatanooga Tennessee but did not reach Richard Roach, owner of the ranch. She said Mr. Roach was under the impression that the extension needed to be requested by December 31, 2006 instead of November 1, as was stated in the notice. Ms. Beless wrote the letter December 20, 2006 as soon as she received the information. The company is requesting the Board consider granting an extension until March, 2007.

Mike Snyder, Ranch Manager, said they have about 600 cows and because of drought situation they had to bring the cows off the mountain about two months early because of lack of feed. They are trying to put in a hay field so it would help compensate the cost of the cattle. They really need this well drilled.

Chair Hancock said a good source of water would do wonders for a ranch like this. The issue is they are requesting an extension to its Flaming Gorge Water Right for 2,400 acre-feet. Harold Shirley made the motion the Board grant a 3-month extension to the K Ranch Water Company. Staff will investigate how far the project is and the likelihood of the completion of the project, the economic and financial feasibility of the project, the actual versus the perceived need of the project and how much planning has gone into it. This is to be reviewed at the March 7 meeting of the Board of Water Resources along with all the others that were granted a 3-month extension. Craig Johansen seconded the motion and the Board agreed unanimously. John Carman abstained as CH2M Hill had done one of the company's preliminary studies. Mr. Carman brought to the Board's attention that the company is to do no further work on the project until after the Board's decision on March 7.

LAKE POWELL PIPELINE

Director Strong said each Board meeting staff will give a report on the Lake Powell Pipeline. Today, Eric Millis will report on the selection of a consultant to begin the engineering work.

Chair Hancock introduced Stan Postma and Marc Brown from Montgomery Watson Harza.

Eric Millis said the four companies that were invited to submit a proposal were: Montgomery Watson Harza, CH2M Hill, Parsons Brinkerhoff teamed up with Stantec, and Carollo Engineers teamed up with URS and Bowen Collins Associates. Staff and the Lake Powell Pipeline Management Committee reviewed the proposals and met with each individually.

The choice made was Montgomery Watson Harza (MWH). A contract is being negotiated with MWH. Staff is requesting the Board accept the Lake Powell Pipeline Management Committee's recommendation negotiations begin with MWH and also authorize \$5.626 million from the Conservation and Development Fund for preliminary engineering and environmental studies of the Lake Powell Pipeline Development Project, and also allow staff to finish the contract and issue a notice to proceed to MWH. Larry Anderson, Project Manager, Bill Leeftang, Staff Technical Coordinator, Harold Sersland, Environmental Coordinator and Eric Millis are all working closely to insure the contract with MWH is proceeding as designed.

Director Strong said the Board needs to say it is all right for the Chairman to sign the contract with MWH after the negotiations are completed. The Attorney General's office still has some comments, and staff is working with MWH's attorney on some issues. Hopefully these will be worked out.

Harold Shirley made the motion staff continue negotiations with MWH and after the negotiations are completed authorize the Board chairman to sign the agreement with the caveat it is not to exceed \$5.626 million, and authorize a notice to proceed. Chairman Hancock said the notice to proceed is contingent on all of the other things coming into place. Ivan Flint seconded the motion and the Board agreed unanimously. John Carman abstained.

DIRECTOR'S REPORT

Todd Adams introduced Jennie Hoover, the division's new Water Conservation Coordinator. Jennie told the Board of her background. Director Strong said we're glad she's here she's doing a great job and we're looking forward to a long association.

Eric Millis handed out the "Water for Utah" publication the division prepares each year for the Legislature. Director Strong explained the appropriations received from the Legislature.

Director Strong said that Asst. Attorney General, Norm Johnson, is preparing a Resolution for the Board to sign authorizing Mr. Strong to sign the Colorado River Seven Basin States' Agreement with the Bureau of Reclamation. The end of February a draft Environmental Impact Statement should be coming out. The Seven Basin States meet the end of March and hopefully everything will be worked out so a time can be set for signing the agreement.

Eric Millis handed out a booklet containing the legislative committees for this year, along with a memo updating a number of bills that are related to water. Mr. Millis pointed out House Bill 20 is the state declaration of State Water Week to be held in May. He said this has gone through the House and the Senate and was passed. Director Strong said the Division's Water Education Banquet will be held during Water Week this year. Eric Millis reviewed each of the bills related to water.

Mr. Millis said HJR1, a Joint Resolution between Utah and Nevada regarding action on groundwater in Snake Valley, has passed the House unanimously and is starting in the Senate. Three remaining points in the Resolution are: the Governor of Utah needs to carefully access the

impacts of the Southern Nevada Water Authority's project, a Snake Valley citizen is to be allowed to participate in the negotiations with Nevada and the agreement with Nevada cannot be signed until the groundwater studies are complete. Director Strong said the Federal Enabling Statute says an agreement has to be reached between Utah and Nevada before the BLM can issue a right-of-way permit.

NEXT MEETING

The next meeting of the Board of Water Resources will be held March 7, 2007 at 2 p.m. in conjunction with the Water Users Workshop being held in St. George, Utah.

Meeting adjourned at 3:20 p.m.

Approved
BOARD OF WATER RESOURCES
Briefing Meeting A
December 7, 2006

Room 314 – DNR Building
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES

Briefing Meeting A

Room 314 – DNR Building

12/07/06

10:00 a.m.

Attendees:

Brad Hancock
Paul McPherson
Ivan Flint
Harold Shirley
John Carman
Blair Francis
Warren Peterson
Craig Johansen

Dennis Strong
Eric Millis
Robert King
Val Anderson
Geralee Murdock

Other Items

Dennis Strong said there is a lot to talk about – projects to talk about – Flaming Gorge water rights to talk about philosophically. Each assignee will be given 15 minutes to talk about what they have accomplished in regards to its Flaming Gorge water right. The decision part of the process is scheduled for Friday at the official Board meeting.

Discussion of Projects

Weber Box Elder Conservation District

Ivan Flint said he went up and went over the project with Terel Grimley, Manager of Pine View. Pine View has a lot of secondary systems. They are the old original secondary systems in Ogden before the Weber Basin was created. The district ran out of water and therefore bought water from the Weber Basin Water Conservancy District. The Weber Box Elder Conservation District tried to expand into North Ogden and looked to Harrisville, Plain City, Farr West, and Pleasant View to furnish the water. The district is going to divert water out of the canal and put it in an equalizing reservoir. Mr. Flint said it was a good project and didn't have any problem with it.

Committal of Funds

Otter Creek Reservoir

Dennis Strong said staff has been waiting for an attorney's opinion on whether there has been a partial forfeiture of the Otter Creek storage right. Warren said if Norm would be satisfied with the attorney's opinion that he would be satisfied. Dennis reported that Norm is happy with the opinion. Warren said his concern was resolution of the forfeiture question. The question of forfeiture may come into play after there has been sedimentation that causes a loss of storage for a certain period of time. As far as security goes it was never an issue. The Board was secure in taking the water right. Warren said he was happy to accept Norm Johnson's opinion that the issue has been resolved. Harold Shirley will make the motion in the Board meeting as Warren Peterson will not be there.

Special Items

Huntington-Cleveland Irrigation Company

Val Anderson said Patrick Cowley investigated the project. He said the company delivers water for flood irrigation through 350 miles of canals and ditches to 16,000 acres of farmland serving 923 homes and also PacifiCorp Power Plant. J U B Engineers estimates about 30% of the water is lost to seepage through canals and ditches. Flood irrigation efficiency is about 35% and overall system efficiency is 25%. Most years this results in a shortage of late season water. Problems also exist with salts leaching from the Mancos Shale formation decreasing production and causing downstream damage. The Huntington-Cleveland Irrigation Company is part of the Colorado River Salinity Control Program and that is where they are getting a lot of their funding.

Robert King said they are part of the basin-wide program. There is a competitive bid based on the quantity of salt reduction in the Colorado River. They signed a cooperative agreement that could have bids in the next time around but didn't.

Val Anderson said they have an additional \$6 million grant from the Bureau of Reclamation that is contingent upon receiving 50/50 funding; therefore, matching funds need to be secured from the Board. The company has presently installed about nine miles of pipeline.

Dennis Strong said this is a compromise solution to a serious problem. The company isn't totally happy with the agreement. It gets them up to \$6 million. He said this is a good project for the Colorado River Salinity Control Forum. It also takes a lot of the Emery County "snow" out. Robert King said it is a good boon to the local economy as well as the irrigators.

Marble Creek Irrigation Company

Blair Francis said the irrigation company has a self-contained system. They need to replace 1000 feet of open ditch and install a splitter structure. Mr. Francis went up and looked at

the company's system which takes up all of Park Valley. The company is asking for \$19,000 from the Board. The project is under construction and also more expensive than anticipated. The company has had four other projects with the Board that are already paid off.

Director Strong said the project is finished. They were working on it when the application was made. He said what they want from the Board are sufficient funds so they can pay for the project.

Flaming Gorge Water Right

Eric Millis said letters were sent to the applicants telling them their contracts with the Board to acquire a portion of the Flaming Gorge rights were going to expire on the 31st of December. The letters asked the applicants to submit information as to what they had been doing to start to use the water right. They were asked to come and meet with the Board in December. The two that didn't respond were K Ranch Water Company near Jensen and W.W. Water Company near Moab. He said staff recommendations were not included in the status reports to give the Board full flexibility.

Dennis Strong said the W.W. Water Company did not request an extension as its project is constructed and is a pump and pipeline for sprinkler irrigation of about 1550 acre-feet. The proof is expected to be filed. He said in the past the Board has been told the extension of a water right was allowed for political subdivisions and municipal and industrial water. The new State Engineer says the law states the water rights can be extended for public purposes, and agriculture irrigation is a public use, however the proof needs to be filed by 2009. Mr. Strong said there is no immediate rush to make this decision. Staff is still anxious and interested in putting our Colorado River water to use. He suggested the Board not extend the water rights beyond June 30, 2008. Someone else that has an immediate need won't have the water, and Central Iron County Water Conservancy District hopes they can get some of the Flaming Gorge water right. Extending these dates creates a problem for other water users.

Warren Peterson said the statute says the State Engineer shall consider the holding of an application by a public agency, and the Board qualifies as a public agency. Harold Shirley said the first ten had to be a water company to qualify.

Eric Millis said Norm Johnson had advice. He said "any decision you make needs to be made on a rational basis so it can be explained and defended if needed. You be sure to treat them equally. Stick to the rules." Dennis Strong said when Norm says you have to be consistent Mr. Strong thinks the Board can do just about what they want as long as they have a rational basis.

Dennis Strong said these are recommendations for the Board: 1) You can extend the application. 2) You could give some or all of the water to the applicant. 3) You can deny a contract extension in whole or in some of the water that's been awarded. He said the applicants will be coming today and will take a minute to explain what's been done on getting the water right ready for proof. The Board will need to come to a consensus and make a decision to be presented at the Board meeting.

Warren Peterson stated he had a conflict of interest as he is counsel for the Central Iron County Water Conservancy District and the Boulder Farmstead Company.

Brad Hancock said these water rights became available because the ultimate phase of the Central Utah Project (CUP) pipeline going from Green River through the Uinta Basin to the White Rocks area was not built. The Uintah County Water Conservancy District, Duchesne Water Conservancy District and Daggett County all feel they should receive compensation because the CUP was not built.

Meeting adjourned at 12:00 noon.

Approved
BOARD OF WATER RESOURCES
Briefing Meeting B
Flaming Gorge Water Rights
December 7, 2006
1:00 p.m.

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

Board of Water Resources
Briefing Meeting B
Flaming Gorge Water Rights
DNR Auditorium
12/7/06
1:00 p.m.

Attendees:

Board Members:

Brad Hancock
Paul McPherson
Warren Peterson
Harold Shirley
Blair Francis
John Carman
Craig Johansen
Ivan Flint

Staff:

Dennis Strong
Eric Millis
Todd Adams
Val Anderson
Patrick Cowley
Tom Cox
Shalaine De Bernardi
Marisa Egbert
Russell Hadley
Gina Hirst
Robert King
Lyle Summers
Randy Staker
Geralee Murdock

Others:

Justin Baugh, Business Administrator, Garfield School District
Steven E. Clyde, Attorney, Grand County W&SSA
Randy Crozier, General Manager, Duchesne County WCD
Chris Dunham, farmer, Gunnison Butte Water
Jay Franson, Engineer, Franson-Noble Engineering
Phillip Vance Glaze, Owner, Wilson Arch Resort Comm.
Brenda M. Glaze, Owner, Wilson Arch Resort Comm.
Guy Graham, City Council, Escalante City
Carlton D. Johnson, Mayor, Henrieville Town
David Kirkwood, Red Cut Water Company

Lowell Mecham, Mayor, City of Tropic
Kent Nelson, Gunnison Butte
Michael Quealy, Attorney, SITLA
Connie Reid, President, Boulder Farmstead Water
Dick A. Reid, Stockholder, Boulder Farmstead
Jim Riley, Manager, Jim Riley Engineering
Curtis Rozman, Gunnison Butte Water District
Scott Ruppe, General Manager, Uintah Water Conservancy District
Vickie Schulkoski, City Recorder, Escalante City
Gawain Snow, Uintah Water
Addie Snow, Uintah Water
Lee Thayn, President, Gunnison Butte Irrigation Company
Joe Thompson, Assessor, Garfield County
Tim Vetere, Owner, Eastside High Ditch (farm)
William Weppner, Ph.D., School Board Member, Garfield County School District
Margaret Weppner, Garfield City School District
Richard B. White, President, Earth Fax Engineering, Inc.
Richard Wilcox, Deputy Assistant Director, SITLA

The following water right assignees each took 20 minutes to make a presentation to the Board concerning their efforts to put their water to use and to answer the questions from the Board:

Uintah Water Conservancy District
Duchesne County Water Conservancy District
Grand County Water Conservancy District
SITLA (School & Institutional Trust Lands Administration)
Boulder Farmstead Water Company
Garfield County School District
Wilson Arch Water & Sewer Company
Escalante City
Eastside High Ditch Irrigation Company
Town of Tropic
Gunnison Butte Mutual Irrigation Company
Henrieville Town
Red Cut Water Company
Daggett County (had intended to come but through a miscommunication did not)

There was discussion by the Board about the presentations.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
December 8, 2006

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the October 27, 2006 Board meetings were approved. Page 1
2. Funds were committed to the Weber-Box Elder Conservation District in the amount of \$1.615 million (85%) to be returned at 4% interest over ten years with annual payments beginning at \$205,000 and increasing to a final payment of about \$254,000. Page 1
3. The Board committed funds to the Otter Creek Reservoir Company in the amount of \$190,000 (85%) to be repaid at 0% interest over 10 years with annual payments of approximately \$19,000. Page 2
4. Funds were committed to the Huntington-Cleveland Irrigation Company in the amount of \$6 million (12.2%) out of the Conservation and Development Fund to be repaid in 30 years at 2% interest with annual payments of about \$268,000. Page 2
5. The Board committed funds to the Marble Creek Irrigation Company in the amount of \$19,000 (54.3%) out of the Revolving Construction Fund to be repaid in ten years at 0% interest with annual payments of about \$1,900. Page 3
6. The Board extended the date to December 31, 2007 for Uintah Water Conservancy District and Duchesne County Water Conservancy District to file proof on their Flaming Gorge water rights. Staff is to review the various plans from in the area, review industrial water use in the area, evaluate whether there is “wet” water, identify any benefits or drawbacks to the Board transferring the right to the districts and review the pros and cons of transferring a right without expecting proof. Page 4
7. The Board extended the Flaming Gorge water right proof date to the end of March 2007 so Staff can review the progress of compliance with the five criteria necessary for the other eleven groups, excluding Red Cut Water Company. Page 5
8. The Board did not extend the Flaming Gorge water right proof due date for Red Cut Water Company. Page 6

THOSE PRESENT

The BOARD OF WATER RESOURCES met in regular session on Friday, December 8, 2006 in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Brad Hancock presided over the 8:30 a.m. meeting.

BOARD MEMBERS PRESENT:

Brad Hancock
Paul McPherson
Harold Shirley
Blair Francis
John Carman
Craig Johansen
Ivan Flint

STAFF MEMBERS PRESENT:

Dennis Strong, Director
Eric Millis, Deputy Director
Todd Adams, Asst. Director
Randy Staker, Accountant
Val Anderson, Chief Investigations
Dave Cole, Engineer
Patrick Cowley, Engineer
Tom Cox, Engineer
Shalaine DeBernardi, Engineer
Marisa Egbert, Engineer
Gina Hirst, Engineer
Russell Hadley, Engineer
Robert King, Interstate Streams
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Terel Grimley, General Manager, Weber-Box Elder Conservancy Dist.
Darren Hess, Engineer Manager, Weber Basin Water

Jay Franson, Franson Noble Engineering, Otter Creek

Ted Curtis, Vice President, Huntington Cleveland Irrigation Company
Larry Perkins, JUB Engineers, Huntington Cleveland Irrigation Company

Allen Staker, Board member, Huntington Cleveland Irrigation Company
Sherrel D. Ward, Vice Pres./Acting Pres., Huntington Cleveland Irrigation Company

Brent Rose, Marble Creek Irrigation
Janet Rose, Marble Creek Irrigation

Bonnie Carrig, Community Development Director, USDA Rural Development
Randy Crozier, General Manager, Duchesne County WCD
Jerry Olds, State Engineer
Boyd Clayton, Assistant State Engineer
Paul Blanchard, Business Development Director, Continental Pipe Manufacturing Co.

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
December 8, 2006

Chair Hancock welcomed everyone to the meeting. He recognized Jerry Olds, State Engineer, Boyd Clayton, Assistant State Engineer, and Darren Hess from Weber Basin Water Conservancy District.

APPROVAL OF THE MINUTES

John Carman made the motion to approve the minutes of the October 27, 2006 Briefing Meeting, seconded by Craig Johansen. The Board unanimously agreed. Harold Shirley made the motion to approve the minutes of the October 27, 2006 Board meeting, seconded by Ivan Flint. The Board unanimously agreed.

FEASIBILITY REPORT

#E-209 Weber-Box Elder Conservation District

Chair Hancock introduced Terel Grimley. Tom Cox reported the district provides irrigation water to six cities in the Ogden area (Plain City, Farr West, Harrisville, Pleasant View, Ogden, North Ogden) and Perry, using water from the Ogden, Brigham, North Ogden, Western, and Willard Canals. Unit I encompasses an area of approximately 2,800 acres in Pleasant View, North Ogden, and Harrisville and has been supplied by transmission lines from Unit C, but with ongoing residential development those pipelines are not able to keep up with demand, resulting in low system pressure. The district is requesting financial assistance to construct a 5.65 acre-foot, concrete-lined regulating pond off of the North Ogden Canal, a booster pump station, and about 420 feet of 18-inch piping to connect the new facilities to the existing secondary irrigation system. The estimated cost of the project is \$1.9 million. Jones and Associates in Ogden is providing engineering services. The district has been before the Board on ten prior occasions for projects adding to its secondary irrigation systems, and has received nearly \$8 million.

Mr. Grimley thanked the Board for its effort in considering the project, and explained the history of the project area. He said he had talked to Scott Robertson of the Utah Water Finance Agency about interest rates, and Mr. Robertson said the agency's bonding rate for the next year would be about 4%. Mr. Grimley asked if the Board would consider a 4 or 4.5% interest rate rather than the proposed 5%.

Ivan Flint said he had met with Mr. Grimley and gone over the project and said the district is trying hard to make the system work. He also said he'd talked with Mr. Grimley about the interest rate and feels it is a good request. He made the motion to authorize the Weber-Box Elder Conservation District project in the amount of \$1.615 million (85%) to be returned at 4% interest over ten years with annual payments beginning at \$205,000 and increasing to a final

payment of about \$254,000. Paul McPherson seconded the motion and the Board unanimously agreed.

COMMITTAL OF FUNDS

#E-184 Otter Creek Reservoir Company

Brad Hancock welcomed Jay Franson, representing the company. Gina Hirst reported that last April the Board authorized a project for the Otter Creek Reservoir Company consisting of installing two radial gates in the service spillway of Otter Creek Reservoir to raise the level of the reservoir an additional two feet, returning its storage capacity to its original 52,660 acre-feet. The cost estimate and sharing remain the same as authorized.

Jay Franson said the company had hoped to install the gates during the winter when the reservoir was empty; however, that didn't happen. They will have to wait until after the water comes down off the spillway next summer to put them in. Director Strong said one of the reasons the project was delayed is the forfeiture issue raised by Warren Peterson. There has been a discussion between the Attorney General's office and Warren Peterson. The Attorney General has the company's attorney's opinion and it is acceptable. The requirements placed on the company by the Board have been met. Harold Shirley made the motion to commit funds to the Otter Creek Reservoir Company in the amount of \$190,000 (85%) to be purchased in 10 years at 0% interest with annual payments of approximately \$19,000. Blair Francis seconded the motion, and it was unanimously agreed upon by the Board.

SPECIAL ITEMS

#E-211 Huntington-Cleveland Irrigation Company

Chair Hancock introduced Sherrel Ward, Allen Staker, Ted Curtis, and Larry Perkins. Patrick Cowley reported the proposed project is located in the Huntington, Cleveland, and Elmo areas of Emery County. The company currently delivers water for furrow and flood irrigation through 350 miles of canals and ditches to about 16,000 acres of farmland, city ponds that service 923 homes, and a PacifiCorp power plant. Water is supplied from the direct flows of Huntington and Cottonwood Creeks and from storage in several reservoirs. About 30% of the water is lost annually to seepage in mainline canals and on-farm ditches; flood irrigation efficiency is about 35% and overall system efficiency is 25%. Most years this results in a shortage of late season water.

The Huntington-Cleveland irrigation project is part of the USBR Colorado River Basin Salinity Control Program. The project qualified for funding in the Program for the distribution and conveyance system. The company anticipates funding from the Natural Resources Conservation Service EQIP Program, and the Colorado River Basin States Cost Share Program for the on-farm portions. An additional \$6 million grant from the Bureau of Reclamation is contingent upon 50/50 financing. To qualify for the additional grant, funds need to be secured

from the Board. The company has installed nine miles of pipeline to date, or 21% of the project cost.

The company is requesting financial assistance to help finish construction of its pressurized irrigation system. The completed system will contain about 140 miles of conveyance pipeline constructed in phases, on-farm distribution pipeline systems, three diversion structures, and three regulating ponds. J-U-B Engineers is providing design and construction engineering services. The estimated cost of the project is \$49.305 million.

Mr. Ward said this is a win-win situation for everybody. It is expedient the company receive this loan as contractors are sitting there without money to proceed farther. He said they really appreciate being considered.

Allen Staker said most of the farmers were elderly and the total amount required is quite substantial. He asked if the Board would consider the idea of extending the repayment period to 30 years instead of the proposed 19. Mr. Ward said they do not want to jeopardize their ability to get the loan by requesting an extension to the repayment period. They don't want to postpone the action on the loan.

Ivan Flint said this is a wonderful project. He said it would be an excellent thing for the Board to consider extending the repayment period. The project will be a great benefit to the valley.

Mr. Staker said the main reason they started this project was to help control the salinity going into the Colorado River. This is also doing something wonderful for the landowners; it will make it a lot better than what they have had.

Craig Johansen said these folks have been working on this project for a long time. He said the federal government is putting up a lot of money for this project, but the report indicates they are receiving a benefit of over \$12 million a year for a 50-year period due to salinity reduction. Mr. Johansen made the motion to authorize and commit funds in the amount of \$6 million (12.2%) out of the Conservation and Development Fund to be returned in 30 years at 2% interest with annual payments of approximately \$268,000. John Carman seconded the motion and the Board unanimously agreed.

#E-214 Marble Creek Irrigation Company

Chair Hancock introduced Brent and Janet Rose. Gina Hirst reported the company is located about a mile north of the community of Park Valley, about 70 miles west of Tremonton in Box Elder County. Since 1948 the company has replaced nearly all its ditches and canals with pipeline due to the rocky and gravelly nature of the area. The sprinkler system consists of an upper, west, and east unit, each with a regulating pond at its head. The upper system takes water about a mile south of the company's main diversion, with the west and east systems dividing the remainder of the flow about two miles south of the diversion.

The company is requesting financial assistance to replace the 1,000 feet of open ditch on the east unit with PVC pipeline. The company also proposed to install a splitter structure to allow the two shareholders on the east unit to split their water out during spring runoff and flood irrigate in the spring. The NRCS has designed the project and inspected its construction. The company planned to pay the costs not covered by the NRCS, but the project was more expensive than anticipated. Project construction was completed the last week of November. The project is estimated to cost \$35,000.

Mr. Rose said they appreciated Ms. Hirst for her help on the project. He said the company underestimated the size of the project when they started it. He said water is their life blood and they were trying to save as much as they can. He stated appreciation to the Board for its consideration.

Blair Francis said this is a good project and this completes it. He made the motion to authorize and commit funds in the amount of \$19,000 (54.3%) out of the Revolving Construction Fund to be purchased in ten years at 0% interest with annual payments of about \$1,900. Craig Johansen seconded the motion and the board agreed unanimously.

FLAMING GORGE WATER RIGHTS

Chair Hancock reminded the Board the Flaming Gorge Water Rights had been discussed extensively during the Briefing Meeting on Thursday. The Board had put the projects into three categories. The first category was the water conservancy districts. Uintah Water Conservancy District and Duchesne County Water Conservancy District were the two that applied. The Board considered placing Daggett County into this category even though it was not a conservancy district.

After considerable discussion the following motions were made:

John Carman moved to extend the date for the Uintah County Water Conservancy District and Duchesne County Water Conservancy District water rights for one year until December 31, 2007, with staff instructions to review the various plans for the area, review industrial water use for the area, evaluate whether there's sufficient water to satisfy these rights, and identify any benefits or drawbacks to the Board transferring the right to the districts. There was a request from Randy Crozier the right be transferred without expecting proof; staff was asked to review the pros and cons of that. Craig Johansen seconded the motion. Motion was carried unanimously.

Harold Shirley said quite a bit of information was received yesterday; some of the applicants are doing quite a bit more than we thought they were doing and some of them aren't doing as much as they think they've done. He made the motion to extend their contracts for Flaming Gorge water rights until the end of March 2007. The board will look at them again in the St. George meeting. In the mean time he asked staff to do a little further investigation to evaluate how far along each project is, the likelihood of completion of the project, the economic and financial feasibility of the project, the actual versus the perceived needs of the project, and

how good the planning has been and how much has just been talk. He suggested those who have actually done something go ahead and file proof on what they have done thus far so they don't lose what they have done, and applied that to the following groups: Grand County WCD, SITLA, Boulder Farmstead Water Co., Garfield County School District, Wilson Arch Water & Sewer Co., Escalante City, East Side High Ditch Co., Town of Tropic, Gunnison Butte Mutual Irrigation Co., Henrieville Town, and Daggett County.

Brad Hancock instructed staff to tell these entities to "drop tools" so they don't try to push their projects further, and asked Mr. Shirley to restate his motion.

Harold Shirley said "I move we extend the time for presenting evidence to our staff for the Flaming Gorge application until the end of March 2007 for the other eleven groups excluding Red Cut Water Company, I won't restate those, and in the meantime staff will investigate what has already been done or what is in motion rather than just commotion and talking and all like that. They don't do anything they have not contracted for physically and fiscally and we'll evaluate on those five criteria, looking at hopefully what is in the best interest of the state, both in the short run and in the long run, so that water will be utilized and not keep flowing down and increase the 4.4 million acre-feet that California's supposed to be getting." John Carman seconded the motion. Motion carried.

John Carman asked Chairman Hancock if a motion was needed to not extend the proof due date on Red Cut, or if it would just lapse. Mr. Carman made a motion that the Board not extend the date for submitting evidence of use on the Red Cut water application. Blair Francis seconded the motion. Motion carried.

LAKE POWELL PIPELINE PROJECT

Chairman Hancock asked Eric Millis to tell the Board what is going on with the selection of a consultant for the Lake Powell Pipeline Project. Harold Shirley is the Board's representative on the Lake Powell Pipeline Management Committee.

Eric Millis distributed an updated time schedule for the work. The Management Committee is in the process of getting the proposals back for the preliminary engineering and environmental studies. Statements of Interest were received from four teams: Montgomery, Watson & Harza; CH2M Hill; Parsons, Brinkerhoff in association with Stantec Engineering; and Corollo Engineers with URS Corp. and Bowen Collins Associates. The Management Committee and staff reviewed them and invited all four teams to submit proposals. Those proposals are due back by December 20, and will be reviewed by the Management Committee in the first or second week in January. A decision will be made on which firms to hold interviews with, and hope to be able to come back to the Board with a selection for Board approval.

The five member Management Committee has representatives from each of the three involved counties, Harold Shirley for the Board and Dennis Strong for the Division.

Dennis told the Board that Harold was assigned to be its representative with the understanding he would keep them informed. The Management Committee makes recommendations; however, this is the Board's project. If the Board doesn't like something, they should say so. The money for the project comes from sales tax, as collected and defined by statute, and deposited into a separate account in the Conservation and Development Fund to be used for Lake Powell, Bear River, and projects that develop above 70 or 80,000 acre-feet. It amounts to about \$5 million per year. The work done cannot exceed the amount in the fund, but the money accumulates from year to year. Not much is being spent this year, so a balance is starting to build up. Next year there might be \$8 or \$10 million. It is not for construction right now, it is for the planning and NEPA compliance phase of the project.

An annual report for the legislature is required; monthly accounting is not typically done. The money that is not expended in a fiscal year from that fund goes back to the Conservation & Development Fund, and can be spent for projects. But from the legislation, there is a balance maintained that says we have credit. At some point the Board may be dipping into the regular Conservation & Development Fund to get money that may have been spent for projects. That money is not required to stay in the special fund; it can be spent with the knowledge that the fund is large enough to compensate for future expenditures.

Eric Millis said very little has been spent on the project so far, and a system of accounting exists. We are working on getting a means to pull together the reports we want. The money is put in the fund monthly, but is not yet being shown on the Status of Funds report. Separate balances need to be maintained.

Eric said the Board will be informed of the outcome of the interviews with the consultants in January. With the Board's approval, the Division will then enter into negotiations for a contract, which the Board will also approve. Some funds will need to be approved today for the right-of-way agreement with the BLM to enable its staff to begin working on this with us; a copy of the application is included in the Board packet. The BLM is asking for \$10,000 out of a total of \$40,000 contribution for the work it will be doing over the next two years. We are asking the Board to authorize the expenditure of \$40,000 over the next two years; \$10,000 of that will go out immediately for the right-of-way application. Ivan Flint made the motion; Craig Johansen seconded. Motion passed.

Eric said that Harold Sersland has been hired as an environmental consultant on the project. He worked with Central Utah WCD on the Central Utah Completion Project and for the BLM and has a lot of good experience. He's been very helpful in working with the BLM and other agencies and finding out how to pursue getting NEPA compliance. Larry Anderson has been hired as the project manager. Working together as management is Eric Millis, project coordinator, Larry Anderson, project manager, Harold Sersland, environmental consultant, and Bill Leeftang of Division staff as technical consultant. An organizational chart will be provided for the next Board meeting. The Board will be getting regular reports as the work progresses. It is expected that all the preliminary engineering and environmental studies can be completed by 2010, but the chance of lawsuits coming from this project are pretty great, so there is some time built into this goal in case that happens. We anticipate the final design to being about 2013. Larry and Harold will work with us through 2010. In the best case scenario, the design will

begin in 2013, construction will be underway by 2016 or so, and we hope to have water developed and delivered by 2020. The Legislature authorized under the statute the hiring of staff and it was decided to do that from contractual arrangement instead of permanent staff; Larry and Harold were hired under five-year contracts as Division employees. That is different than the expenditure of funds talked about earlier. After five years we will re-evaluate for the next phase of the work.

DIRECTOR'S REPORT

Director Strong expressed his appreciation for the work Eric has done. He asked the Board to look at the proposed meeting schedule for 2007, so it could be approved. He asked if any Board member would like to invite the Board to tour water projects in his area.

Dennis said there were two areas that would be good to look at, and urged staying with two area tours to stay within budget limits. Perhaps the Board could also do a short, one day or afternoon tour. Weber Basin Water Conservancy District has a lot going on in the Weber Basin, and that would be a good place to go. Ivan Flint said he would check with Tage Flint about spending a day there, and would report back to the Board at the next meeting.

Craig Johansen invited the Board to go to his area, either this year or next, to look at the Huntington/Cleveland project. Chairman Hancock said another visit to the Uinta Basin would have some merit and would be a one-day tour. John Carman said the Metro Project will be completed in June and would make a good afternoon site. He will find out if a Friday afternoon visit can be arranged. Also, the membrane facility that's been built for cleaning up the water out by Kennecott would be an interesting place to see, that could also be done in an afternoon.

Director Strong asked the Board to make arrangements to stay on Thursday after the Water Users Workshop in March to do a little scouting and take a look at the alignment and facilities for the Lake Powell Pipeline Project. That would take a whole day.

Senator Dennis Stowell is going to be the new chair of the Natural Resources Appropriation Committee. His background and interests go well with this assignment. Representative Ben Ferry will be the co-chair (Mike Noel said he was not interested). The budget hearing will be in late January. It's always nice to have the Board be represented by its members. He thinks it makes a big difference when legislators see the Board there, and their support of the Division and the program.

A Board retreat needs to be held, with an official discussion about interest rates.

NEXT BOARD MEETING

The Board Briefing meeting will be at 10:00 a.m. on January 26, 2007 in Room 314. The Board meeting will be at 1:00 p.m. in the DNR Auditorium on Friday, January 26, 2007.

Meeting adjourned at 10:43 a.m.

